

Gorbachev meets leaders after funeral

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FT 143

EUROPEAN NEWS

Summit idea gathers momentum in the White House

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

MR GEORGE SHULTZ, the U.S. Secretary of State, is expected to report to President Ronald Reagan on prospects for a summit meeting with Mr Mikhail Gorbachev, the new Soviet leader, White House officials said yesterday.

The mood in the White House was to wait and see how Mr Shultz and Vice-President George Bush had "raised up" Mr Gorbachev's reaction to Mr Reagan's invitation to a meeting in the U.S. "at a mutually convenient time," the official said.

Mr Bush and Mr Shultz were in Moscow yesterday to attend President Konstantin Chernenko's funeral.

While Washington does not want to appear to be rushing headlong into a summit, there is now much greater momentum behind the idea than at any stage during Mr Reagan's first four years in office.

For most of his first term, relations with Moscow remained deeply frozen and Mr Reagan

did not abandon his "evil empire" rhetoric until just over a year ago. Mr Reagan repeatedly said that he was ready for a summit, but the conditions—that it should be well prepared and achieve concrete results—never looked like being fulfilled.

Now, the White House is relaxing those conditions and suggesting that a number of recent developments have contributed to a significant improvement in superpower relations. Most notably, they include the open-

ing of the Geneva arms talks and the arrival in the Kremlin of a younger and vigorous leader who looks as if he will be in power for much longer than his predecessors and is a man to do business with.

Mr Reagan frequently complained during his first term that the succession of elderly, ailing leaders in Moscow made it difficult for him to conduct relations at the summit level. He was sensitive, however, to the criticism of Democrats that he was the first U.S. President

in half a century not to have met his Soviet counterpart.

According to one White House official, Mr Reagan is now "beginning to think about his legacy" and would like to leave office with an arms control agreement. In the past six months, he has broken the ice with Mr Andrei Gromyko, the Soviet Foreign Minister, and more recently with Mr Vladimir Shcherbitsky, a senior politician, at meetings in the White House.

The President has always genuinely believed that personal contacts with Soviet leaders could reduce tension and it was possible to sit down and talk openly and freely. While prepared to be friendly, however, he has made it clear that he has not changed the deeply held convictions about the Soviet Union that lay behind his "evil empire" rhetoric.

In seeking a summit, the White House said yesterday, "It's not that our position has changed, it's that the nature of their leadership has changed."

Gorbachev holds court to world leaders amid Tsarist splendours

DOZENS OF leaders from East, West and the non-aligned world greeted Mr Mikhail Gorbachev, the Soviet Union's new leader, yesterday at an hour-long ceremony in the Kremlin, Reuters reports from Moscow.

A relaxed and self-assured Mr Gorbachev, stood beneath the chandeliers of the Tsarist St George's Hall to shake hands and exchange words with presidents, premiers, party chiefs and other dignitaries after the burial of President Konstantin Chernenko.

For many of the Western leaders it was their first meeting with the man who is seen as offering a new challenge in relations with the Soviet Union after years of physical infirm leadership.

Enacting a ritual seen for the third time since 1983, Mr Gorbachev nodded a brief greeting to his country's East

European allies before they filed past a black-draped portrait of the late president.

He paused longer with the Westerners, who included the leaders of France, Britain, West Germany and Japan as well as U.S. Vice-President George Bush.

Some of them had shuffled forward in line for an hour in the 100-yards long hall.

The warmest greeting was reserved for Prime Minister Rajiv Gandhi of India and Li Peng, the Chinese Vice-Premier. The Chinese and Indian delegations were whisked ahead of the line by Kremlin aides and stood for up to a minute in conversation with Mr Gorbachev and Mr Andrei Gromyko, the Foreign Minister.

Mr Gorbachev appeared at his sternest shaking hands with leaders of countries whose relations with Moscow are less than cordial, among them President

Zia Ul-Haq of Pakistan and Mrs Imelda Marcos, wife of the Philippines President.

Like last year, the most theatrical appearance was made by Mr Yasir Arafat, leader of the Palestine Liberation Organisation. He held Mr Gorbachev warmly by the arm and kissed Mr Gromyko, and Prime Minister Nikolai Tikhonov on both cheeks, the only visitor to do so.

Mr Gorbachev spent little time in conversation with Western non-governmental political leaders, with the exception of Mr Neil Kinnock, leader of the British Labour Party.

Mr Kinnock accompanied Prime Minister Margaret Thatcher and the other opposition leaders, Social Democrat David Owen and Liberal leader David Steel. They all met Mr Gorbachev during a visit to London last December.



Mrs Margaret Thatcher and President Francois Mitterrand (far right) amid the surried ranks of world leaders attending the funeral in Moscow yesterday of President Konstantin Chernenko

Le Pen withdraws his threat

By David Housego in Paris

FRANCE'S extreme right-wing National Front has failed to draw the parliamentary opposition into an alliance against the Left in the second round of local elections on Sunday.

M Le Pen had earlier threatened to split tie opposition even if this meant a left-wing victory because the opposition had formally declined any pact with him.

Yesterday, however, he said that he would withdraw all his candidates in cantons where their competing with the parliamentary opposition could result in a Socialist or Communist winning.

The National Front will thus be putting up 54 candidates on Sunday compared with the 130 or so that M Le Pen claims would have been eligible to stand as scoring more than 10 per cent of the vote last Sunday.

M Jacques Chirac, the leader of the neo-Gaullist RPR has been particularly forthright in saying that opposition candidates will not stand down in the second round to allow Front candidates to be elected.

He is aware that this position is bound to lose the Right some cantons and possibly the control of some councils genoux that run France's Departments.

But, in ostracising M Le Pen, far more than anybody had imagined, M Chirac hopes to win more support in the centre where the decisive political battle of the parliamentary elections will be fought next year.

At the same time he is rubbing home in his statements that it is President Francois Mitterrand who is encouraging the expansion of the National Front by bringing in proportional representation.

Mr Le Pen tacitly recognised yesterday that Front supporters would not follow him in dividing the opposition in a way that would let in the Left. His party's chances are thus confined to the 22 cantons where the Front candidates obtained the largest share of right-wing votes last Sunday.

Ambrosiano executives convicted

By Alan Friedman in Milan

SIG ROBERTO ROSONE, general manager and deputy chairman of the failed Banco Ambrosiano and a key lieutenant of the late Sig Roberto Calvi, was yesterday convicted, along with 10 other former executives, of involvement in the illegal purchase of shares of the bank.

Sig Rosone, who was shot in the legs a prominent Mafia gangster in 1982, was sentenced to a six-year suspended jail sentence during which time he will have to remain in Italy.

He has also been banned from working in any state company for the rest of his life and from working in the private sector for the next 10 years.

The convictions yesterday, which included Sig Carlo Olivoti, another former deputy chairman of the Calvi bank, are the first in judicial proceedings related to the 1982 collapse of Banco Ambrosiano. When the bank failed a total of \$1.3bn of funds was missing.

Sig Rosone and his colleagues were convicted of having participated in an scheme under which top Ambrosiano officials paid L70bn for 1.1m shares in Banco Ambrosiano which were already held by the bank.

Some of these shares were "parked" for a period in a company controlled by the late Sig Carlo Pesenti, the Catholic financier who was Ambrosiano's largest single shareholder. He died last autumn only hours before he was due to stand trial in Milan on charges related to the Ambrosiano failure.

Sig Rosone, who is 56, spent his entire career at Banco Ambrosiano, mostly on the domestic banking side. Some time before Sig Calvi was found dead beneath Blackfriars Bridge in the City of London, Sig Rosone attempted to replace the chairman on a temporary basis. The plan never came to fruition.

In April 1982, as the knot

QUENTIN PEEL INTERVIEWS THE INTERNAL MARKET COMMISSIONER Cockfield takes aim at tax barriers to trade

EEC LEADERS must agree to a strict timetable for the removal of tax barriers and the introduction of common rates of value added tax and excise duties by 1992, Lord Cockfield, the Commissioner responsible for the internal market, said yesterday.

Scrapping the member states' plethora of indirect tax rates would be the most important single step towards achieving a genuine common market throughout the Community by that date, he said in an interview.

An agenda, including a detailed timetable for completing the internal market, will be presented for approval to the EEC summit in June. The move is likely to cause problems in many states, by requiring them to abandon concessionary tax rates on a variety of products, including items in Britain and Ireland which are zero-rated for VAT.

Britain is resisting Commission efforts to remove its zero-rating on goods and services such as property development, newspaper advertising, and fuel, power, water and sewerage services to industry.

Lord Cockfield said the tax moves would not necessarily require absolute harmonisation of rates, but at least their "approximation" in narrow bands. "The removal of internal barriers implies the removal of fiscal barriers," he said. "You have other effective barriers, but the fiscal barriers are the most important. Unless you get rid of them, you will never get rid of frontier barriers."

Member states had repeatedly stated their general commitment to the idea of "creating a real common market, but that needed to be made more specific political commitment. Both the existence of zero-rating of goods like books and children's clothes in Britain, and multiple VAT rates elsewhere would have to be scrapped or made common

throughout the EEC if the policy is implemented fully.

Lord Cockfield said the programme for the internal market would also include initiatives for removing barriers to trade caused by differing national standards for products and services. The Commission has already proposed abandoning the effort to define detailed European product standards, and relying instead on mutual recognition of differing national standards, provided they comply with minimum health and safety requirements.

The other key area for action would be opening up public procurement policies where existing directives needed strengthening and stricter enforcement.

Telecommunications and high technology, in particular, needed legislation to ensure that purchasing was done on a Community-wide basis. "On new technology, Europe is not big enough to have 12 national markets," he said. "The biggest

customer is likely to be government. It may also be easier to open up new technology, where we have not yet got established resistance groups and restrictive practices."

Lord Cockfield said longer-term moves to ensure not only an open market, but a flexible and growing one, would mean harmonisation of direct taxation such as company taxes.

"It is grit in the machinery in the free operation of Europe," he said. "In the end, you will build up a lot of pressure as you get an open-up market and an expanded market. Pressure will build up for tax changes from business itself."

The plans for opening up the internal market should also help provide an important growth stimulus in the EEC. "There is no doubt the openness of the American market is one of the reasons for the strength of performance of the U.S. economy," he said. "Our plans offer the prospect of a new era of prosperity

throughout the EEC if the policy is implemented fully.

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Election arithmetic prompts Papandreou to move on constitution

Andriana Ierodiaconou in Athens reports on the replacement of the Greek President

WHEN THE Greek Socialist Government announced its own candidature for President last weekend, and said it intended to eliminate his strong powers under the constitution, quick arithmetic showed that to get the votes needed in Parliament for both moves the Government would need the support of the pro-Moscow Communist Party (KKE).

The Communists have now said that support will be forthcoming, sparking concern among Greece's western allies that this may mark the beginning of a drift towards a Socialist-Communist alliance in Government.

But such dramatic conclusions may be premature. Most political analysts in Athens believe that the KKE had little choice but to back the Govern-

ment, and that at this stage there are no indications that a price has been set on their help. The Communists were the first to reject the re-election of conservative President Constantine Karamanlis, whom the Socialists ditched in favour of their own man.

The KKE has also been opposed to the Presidential powers introduced by Mr Karamanlis in a 1975 constitution after the collapse of the military dictatorship in Greece. It was the planned end to these powers that Dr Papandreou used as justification for his decision not to support Mr Karamanlis for a second five-year term. Parliamentary vote later this month.

The Prime Minister's surprise decision is judged, however, to have had more to do with the voting arithmetic in the general election which the Socialists must face by October this year. The problem seems to have been pinpointed by the Left-wing of his Socialist Party. They apparently argued that Dr Papandreou's earlier inclina-

tion to endorse Mr Karamanlis's candidacy, which was well-known, would have cost the Socialists a critical number of votes in the election to parties further to the Left, such as the KKE or the tiny Eurocommunist Party.

Abandoning Mr Karamanlis would prevent this, at the same time, the shrewd choice for an alternative candidate of Supreme Court judge Christos Sartzetakis, a respected centrist described by one Western diplomat as "no Pasok poodle," was calculated to prevent the alienation of floating voters of the centre, who are believed to account for an estimated 15 per cent of the Greek electorate.

Mr Sartzetakis, 58, became known and admired in Greece for despatching a number of senior police officials to jail when he was chief investigator of the 1981 murder of a Leftist deputy at a political rally in Salonika. Mr Karamanlis was Prime Minister at the time.

The grass roots of Pasok, particularly rural supporters, are ideologically more radical than the pragmatic Government team led by Dr Papandreou in Athens, and have had a number of disappointments since Pasok was elected.

An agreement was signed extending the operation of the four U.S. military bases in Greece for another five years. Legislation was introduced curtailing the right to strike in the public sector, and the issues of withdrawal from Nalo and the EEC have been relegated to long-term "strategic goals."

But last weekend's events have raised questions for the first time about whether the tall might not now be waiting the dog. "It is possible that Dr Papandreou has created an electorate which is now more radical than he is," one Western diplomat in Athens remarked. For the first time the Left-wing may have succeeded in diverting the leadership on a major issue.

This view, is also reinforced by the fact that the Socialists must rely on the 13 KKE MPs in Parliament to get Mr

Sartzetakis elected. The minimum majority required is three-fifths of the 300-member House (180 votes), in a third round of voting to be held on March 29.

In the first round, to be held next Sunday, a two-thirds majority is required for a candidate to be elected. The Socialists hold 165 seats, and although the Communists have already said they will support Mr Sartzetakis, some support will also have to come from the ten independent MPs in Parliament. The Conservative opposition, which had proposed Mr Karamanlis's re-election, have said they will cast blank ballots.

HARDWICK The Socialists will also need KKE help in kicking off the complex procedure for getting the proposed constitutional reforms through Parliament. The present Parliament must approve the reform proposal twice, in two rounds of voting one month apart, with a three-fifths majority required in both. If the amendment drive suc-

ceeds, the President will no longer enjoy the right to dissolve Parliament, if in his own opinion, it is "in evident disharmony with the popular will" nor will he have the power to declare war and conclude treaties. He will also no longer be able to veto legislation — in the past, his veto could be overturned by three-fifths majority in the House — and the reforms will radically curtail his right to call referendums.

According to Dr Papandreou, those powers must be done away with in order to avert the possibility of their being exercised "in such a way as to lead to a party political president." Mr Karamanlis, who originally introduced the powers to ensure the breakdown in dictatorship in the 1980s would not happen again, had always made clear in private that he regarded their use to be justified only in emergencies.

Nevertheless, Greece's Western allies saw Mr Karamanlis, because of his powers, as a guarantor of moderation and smooth ties with the EEC and NATO during the years of Socialist rule.

Political analysts stress, however, that it is premature to alarmist to talk about a future Government. They argue that the KKE had no option but to agree to the election of Mr Sartzetakis, and to the amendment of the constitution, which has been claimed of the Left-wing opposition in Greece since the mid-1970s.

The Communists would have been hard put to it in the eyes of their own electorate not to back the Government on Western analyst in Athens said. Eyos will be on the next general election, which may be held as early as May. The question will be whether Dr Papandreou has succeeded in preventing losses on the Left-wing without incurring more damaging losses in the centre. The answer to that question will be important for the political future of Greece.

Exactly where and how it will do this is still undecided, though Africa is obviously the destination. The Foreign Ministry points, as an example of fast intervention, to the Italian relief effort in Ethiopia, where about 1,000m is being spent in an emergency programme that began only last autumn.

This consists of a mixture of emergency food supplies, water drilling for the relief camps, medical supplies, and backing for UN programmes. Italy is also gaining experience in the Sahel region, where it is planning to spend \$500m in a Mali, over the next seven years.

Yet the doubts remain. Normally aid donors, while maintaining a generous attitude, do not indicate how much money they are prepared to spend in an emergency and semi-emergency aid in a given period; they respond to such needs as they arise. Italy, on the other hand, is going to be in the position of looking for outlets for its munitions. Critics say that this is a recipe for waste or worse. The aid movement believes this is about charity is all about.

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Ministers will try to end fighter deadlock

By David Marsh in Paris

DEFENCE MINISTERS from five European countries are to meet in Rome, probably in May, to try to resolve important differences—primarily between Britain and France—over development of a joint jet fighter for the 1990s.

Defence procurement chiefs from the five countries, which also include West Germany, Italy and Spain, met here on Tuesday without breaking a deadlock over technological leadership of the project. France has put in a strong bid to play a preponderant role.

Other divergences remain about technical specifications for the aircraft and the choice of engine, according to French defence ministry officials yesterday.

The five nations agreed last October on basic specifications for the Eurofighter. The project, which could lead to initial orders of around 1,000 aircraft to come into service around 1988, and worth an estimated \$150m, has the potential to become Europe's most important joint arms development programme.

However, agreement on details has been bedevilled by differences between Britain and France about overall design leadership and work-sharing.

British officials left Tuesday's meeting openly pessimistic, saying the "impasse could be broken only by an effort of political will at ministerial level."

French officials on the other hand said differences at this stage of a joint development programme were normal. "I am optimistic. Each country is simply trying to defend its own interests," one French official involved in the talks said yesterday.

Dassault-Breguet, the French state-controlled aircraft manufacturer, has been holding out uncompromisingly for a 46 per cent stake and overall technological leadership—a negotiating position which the company claims is now shared by M Charles Hernu, France's Defence Minister.

The French Defence Ministry says its stand is less tough and that it is holding out for a "balanced" division of design and production responsibilities.

Britain believes, however, that the French stance boils down to asking for a dominant role for Dassault—based on that company's claims of competence in making the delta-winged Mirage fighters.

This would leave British Aerospace, which has put forward its own design for the fighter, with a subservient position.

Hungary offers medical course in English

By Leslie Cofit in East Berlin

HUNGARY is offering Western students a medical education in English in order to obtain hard currency. The first 38 students from Britain, the United States, Australia, Sweden and Iran have started first-year medical studies for \$300 a month at the medical university of Pecs.

The hard currency income will be retained by the university to buy equipment and books in the West.

In 1985 Hungary launched German language medical instruction at Budapest's Semmelweis medical university. Lectures and seminars will be held in English throughout the six-year course of study. Students, however, will also learn Hungarian in order to establish direct relations with patients when they start meeting in the third year.

Surge in Italian aid for famine victims

By James Buxton in Rome

ITALY HAS become, almost literally overnight, one of the most bountiful countries in the world. Early this month Parliament passed a law which virtually obliges the Government to spend 1,500m (\$300m) on famine relief within 18 months.

With drought raging in Ethiopia and in several countries of the Sahel belt of Africa, and authorities talking of unprecedented natural calamities now unfolding, the Italian Parliament's move could hardly have come at a better time.

Yet the scale of what Italy is intending to do, over the very short time it is giving itself to do it, have caused a shock among other aid donors, and barely-concealed anxiety in some Italian Government circles that it will prove impossible to spend the money effectively on to prevent some of it from falling into the wrong hands.

For years Italy was one of the smallest aid donors in the OECD. With only three former colonies—Somalia, Libya and Ethiopia—it had few obvious outlets for aid money, and to spend billions of dollars developing the backwardness of its own country. In 1979 Italy gave only 0.07 per cent of its gross domestic product in aid, compared with the OECD average of 0.34 per cent. Christian-like Oxfam or Christian Aid barely exist in Italy.

In the late 1970s, however, a popular movement grew which called for a more active Italian role in the Third World. One strand came from the left-wing Radical Party, but the movement—which is sometimes disparagingly called "Terrorismo di Stato" or "Third Worldism"—also found support in parts of the centrist Christian Democrat Party.

The result was the Co-operation Department, set up in 1979 at the Ministry of Foreign Affairs and awarded rapidly rising sums of money. Between 1981 and 1983 the department's allocation totalled 14,700m, while last year it was 12,500m. In 1984 it will be 15,500m. In terms of aid commitments, Italy is already spending more than 0.50 per cent of its GDP on aid.

The Co-operation Department has started projects in Africa, Asia and elsewhere, but its biggest aid recipients are Somalia and Mozambique. Italy's aim has been to make the most of a late arrival on the aid scene by avoiding the mistakes of others, such as large "prestige" projects.

But the Co-operation Department's work, inevitably somewhat unspectacular, has not been enough for the aid movement. For the past three years it has pressed for more dramatic aid, it argues, more effective aid. No doubt in part shocked by the famine and waste of the rich Italian cities, the movement wanted Italy to make a sudden injection of food aid into some underfed part of Africa to transform people's lives.

The Bill which was approved by Parliament 10 days ago was originally sponsored both by Sig Marco Pansa, leader of the Radical Party and Sig Francesco Piccoli, chairman of the Christian Democrat Party. In its final form, it represents a compromise with the critics of food aid.

Strong support

The Bill takes 1,500m from the existing aid budget of this year and next year, and dedicates it to a special intervention fund for the areas of the world worst affected by famine and drought. The fund will be freed of many bureaucratic procedures and will be under the control of a junior Minister, yet to be appointed. It will provide a mixture of food aid and development assistance, and will be able to operate both bilaterally and through multilateral agencies.

Exactly where and how it will do this is still undecided, though Africa is obviously the destination. The Foreign Ministry points, as an example of fast intervention, to the Italian relief effort in Ethiopia, where about 1,000m is being spent in an emergency programme that began only last autumn.

This consists of a mixture of emergency food supplies, water drilling for the relief camps, medical supplies, and backing for UN programmes. Italy is also gaining experience in the Sahel region, where it is planning to spend \$500m in a Mali, over the next seven years.

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AMERICAN NEWS

Surprise jump in February U.S. retail sales

BY STEWART FLEMING IN WASHINGTON

U.S. RETAIL SALES jumped 1.4 per cent in February from their January level. The Commerce Department reported yesterday, a rise which surprised Wall Street traders who had been expecting a much smaller increase.

Bond prices fell sharply in the wake of the announcement which was interpreted as a sign that consumer spending overall is likely to boost the economy in the first quarter and thus underpin interest rates.

Unemployment data and reports of small gains in department store sales last week led some economists to expect a subdued rate of economic growth in the first quarter.

Some Wall Street traders concluded therefore that fears of rising interest rates because of a strong economy were being exaggerated.

Yesterday's figures, which showed healthy gains in both durable and non-durable goods sectors, have raised a question mark over this view. The figures appear to be consistent with the argument that a rising propo-

tion of domestic consumption is being satisfied by imports.

On capital markets, however, who are pressing for vigorous action to cut the federal budget deficit maintain that the continuing good economic news is not helping them rally support for painful budget cuts.

Over the past two weeks the Senate Budget Committee has repeatedly balked at approving major budget reductions although it voted to curb the growth of defence spending. On Tuesday, for example, the committee voted against a Reagan Administration proposal to cut \$4.6bn (\$4.2bn) of federal grants to the states from the 1986 budget.

Venting his frustration over the committee's failure to approve major budget savings yesterday Senator Pete Domenici, the budget committee chairman, said "special interests" are defeating his efforts to curb federal spending and warned that the deficit could rise to \$400bn in the event of a serious recession.

IMF approves credits

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

THE INTERNATIONAL Monetary Fund yesterday approved standby credits for Ecuador and Costa Rica which are to be the cornerstone for rescheduling arrangements for both these financially troubled countries.

Approval of an SDR 105m (\$55m), one year credit for Ecuador and an SDR 54m, 13-month credit for Costa Rica had been held up since early March because of a slow initial response to parallel credits being sought from commercial bank creditors.

In both cases, however, the required total of 90 per cent of commitments to the bank credits has now been reached. Costa Rica is seeking \$75m from its bankers, Ecuador \$200m.

Bankers said these packages had been slow to move in the markets because creditors were not willing to accord a high priority to assistance being sought for smaller Latin American debtors and this led to administrative delays in many of the participating banks.

Bikini atoll clean-up

THE 1,200 nuclear exiles of the Pacific atoll of Bikini yesterday won a long struggle to go home when the U.S. agreed to clean up their island from atomic and hydrogen bomb blast. *Reuters reports from Washington.*

In an agreement reached before the U.S. district court in Hawaii, the U.S. Government yielded to the islanders' demand that it pay for rehabilitation of the atoll, contaminated by 23 nuclear tests between 1946 and 1958.

No figure was mentioned in

the terms of the agreement, released in Washington by Mr J. Weisagall, the Bikinians' lawyer, but U.S. specialists have estimated the cost at up to \$50m (£46m), mainly for stripping away poisoned topsoil and replanting.

The islanders left their palm-fringed lagoon 2,500 miles southwest of Hawaii in 1946 to make way for the U.S. tests, which they were assured would be "for the good of mankind and to end all world wars."

New economic team chosen in Brazil

BY ANDREW WHITLEY IN RIO DE JANEIRO

THE NEW Brazilian Government, which takes office on Friday, has been shaped in President Tancred's own image. It is also a careful composite of the heterogeneous political forces which gave him victory in January's indirect Presidential elections.

The Cabinet is dominated by members of the Brazilian Democratic Movement Party (PMDB), the old opposition alliance and now the leading political party in the country. It also has a strong representation from the Liberal Front Party (PFL), the recently divorced breakaway from the military's former political vehicle, the Social Democratic Party.

PFL members, many of them former senior officials in past military governments, hold a number of key posts in the new administration. Among the leading lights are Sr Olavo Setubal, the new Foreign Minister, Sr Aureliano Chaves, the Mines and Energy Minister, and Sr Marco Maciel, the Education Minister.

Businessmen do not feature prominently in the new Government. Most of the new ministers are long-time politicians, although some may have had business sidelines during their long years in the wilderness. The most important exception is Sr Setubal.

An engineer by background, he is president of the Ipan financial group, the second largest in the country. But he has also served as Mayor of Sao Paulo and continues to nurse his own ambitions for higher political office, possibly even the Presidency itself.

At the heart of the new Government, especially within the inner circle of Presidential advisers, is a group of long-

standing political companions of the President. Many served with him during his brief tenure as Prime Minister in the early 1960s and several spent long periods in exile.

Others are his own relatives: notably his 24-year-old grandson, Sr Aécio Cunha Neves, who will be his private secretary, the man guarding the door to the Presidential office.

In terms of geographic distribution of posts, the new Government represents a reassertion of the old political alliance between Minas Gerais—Sr Neves's own, self-confident and self-sufficient state—and Sao Paulo, the economic powerhouse of the country. Several of the new Ministers have had experience in the state Government of Sao Paulo, where they administered budgets larger than those of many Latin American countries.

A third powerful prong of the contingent, without which no Government in the north-east Brazilian Government can be considered complete. No fewer than eight of the top echelon Ministers have north-eastern antecedents.

In the economic team, primacy will revert from the Planning Ministry—the root from which Sr Antonio Delim Netto ruled on and off for over 15 years—to the Finance Ministry. Here the President has installed one of his closest and most loyal aides, Sr Francisco Dornelles.

Sr Dornelles, 50, is a tax lawyer, educated at the University of Nancy in France and at the Harvard law school in the U.S. His entire professional career in Government has been in the same specialised field, dealing with the intricacies of double taxation agreements with

Soviets set to join Intelsat

By Michael Donne, Aerospace Correspondent

The Soviet Union may formally join the 100-nation International Telecommunications Satellite Organisation (Intelsat) which runs the global telecommunications satellite network.

Discussions between Intelsat and the Soviet Ministry of Posts and Telecommunications over recent months have resulted in an information exchange agreement that could give the Soviet Union full membership of Intelsat within two years.

The agreement, still awaiting signature by the Soviet Minister of Posts and Telecommunications, would in the interim give the Soviet Union access to the existing Intelsat system of satellites covering much of the Earth's surface for telephone, TV and data transmission purposes.

The Intelsat system of satellites gives its members swift access to each other's telephone systems, and has made international subscriber trunk dialling possible between many parts of the world.

Whether Soviet membership of Intelsat would be accompanied by the same type of unfettered telephone links remains to be seen, but even if it did not go that far, it would open the possibility of wider communications between the Soviet Union and the West.

A suggestion that the Soviet Union's own Eastern Bloc competitor to Intelsat, called Intersputnik, does not meet all the Soviet telecommunications needs is not confirmed in the West, but seems probable.

Kirkpatrick to join Republicans

MRS JEANE KIRKPATRICK, the retiring U.S. ambassador of the United Nations, is formally to end her lifelong allegiance to the Democratic Party and switch to the Republicans, *Reuters reports from Washington.*

She will officially re-register as a Republican soon after completing her tour of duty at the UN at the end of this month.

Mrs Kirkpatrick, whose tough foreign policies have made her a favourite of conservative Republicans, has long ceased to be a Democrat in all but name.

The switch will enable her both to perform as an official party fundraiser and to consider running for office on the Republican ticket.



Sr Neves... old cronies and bright young economists

foreign countries and with domestic taxation policy.

One of his first administrative priorities is expected to be the long overdue reform of Brazil's public finances, particularly the unification of the multiple Government budget. But no radical measures can be expected from him.

Sr Dornelles, who also has the inestimable advantage of being the President's nephew, will be joined by the youthful new central bank governor, Sr Antonio Carlos Lemgruber in dealing with foreign bank creditors.

Sr Lemgruber, 37, heads a completely new team at the central bank with an average age of only 39. This school of bright young economists, mostly trained in the U.S. and with an orthodox monetarist outlook, have been regular critics of the outgoing Government's economic policies.

Any polemics over policy are likely to develop between this group and the new Planning Minister, Sr Loao Sayad. Sr Sayad, himself only 39, is a Keynesian economist who is stepping up from the same job in Sao Paulo state.

His biggest task will be to try to bring under control the giant state companies, responsible for two thirds of the country's foreign debt and an even higher proportion of the internal public debt. This may well put him at loggerheads with one of the most powerful members of the new government, Sr Aureliano Chaves, the Mines and Energy Minister.

Sr Chaves will be the official responsible for most of the big spending state behemoths. But his background as vice-president in the Figueredo Government and his firm belief in the driving role of the state in Brazil's economic development, lends little encouragement to those reformers who want to see the state sector cut down to size.

David Fishlock talks to President Reagan's chief science adviser

Conversion of a Star Wars sceptic

GEORGE KEYWORTH, President Ronald Reagan's chief science adviser, confesses that when he arrived in the White House in 1981 he shared the scepticism of much of the U.S. scientific community about the possibility of an effective defence against Soviet ballistic missiles.

Today he is the President's principal advocate of the Strategic Defence Initiative, the so-called "Star Wars" programme for anti-ballistic missile defence through ultra-fast weapons and computers.

In London yesterday Dr Keyworth sketched some of the latest technology and systems engineering which led to his conversion, and to the role which has probably put him closer to the U.S. President than any previous scientific adviser.

He arrived in Washington from Los Alamos, the world's first nuclear weapons laboratory, where he had worked for 13 years, finally directing experimental physics, the core of its programme. His best included basic research, underground testing of nuclear weapons, and laboratory simulation of nuclear explosions with laser beams.

But even the sprawling campus of the Los Alamos laboratory was only a fraction of a very broad canvas of U.S. activity related to anti-ballistic missile (ABM) research and development. This activity was not prescribed for either nation under the 1972 ABM treaty between the U.S. and the Soviet Union.

One thing Dr Keyworth then believed was that any space-based ABM system must be highly vulnerable to enemy action. He later discovered that the strides U.S. scientists have made in making their technology invisible to enemy radar—referred to as "stealth" concepts—are immense.

But this is one highly classi-



Dr Keyworth... European talks

fied area he is most unwilling to discuss. Others he positively endorses over. These include an invention of U.S. astronomers for "taking the twinkling out of stars," a mirror which corrects automatically the atmospheric aberrations.

This "rubber mirror," as he calls it, is made of a myriad of small reflectors, each independently controlled by computer. It was recognised that if the "rubber mirror" could adjust incoming rays from a star, it could also respond fast enough to keep refocusing the beam of a laser weapon.

Beams of energy travelling at or near the speed of sound—100,000 times faster than any missile—will be the weapons of SDI, Dr Keyworth is convinced. But the concept of assembling an ABM system from the wide canvas of technology available in the U.S. has been demonstrated using a simpler but slower weapon. In the homing overlay experiment last June, the U.S. army scored a direct hit on a

ballistic missile with a high-speed projectile, exploding the missile with nothing more than the kinetic energy released in the collision. It was a remarkable demonstration of accurate long-range aiming in a system assembled from off-the-shelf technology for only \$300m. (A single intercontinental ballistic missile (ICBM) in its silo may cost \$100m).

Dr Keyworth's sights are set on the host phase of the ICBM: the launch period when the engines burn brightest and are easiest to track with infrared "eyes," and while its warheads and decoys are still stowed in its nose.

Beam weapons under development include two kinds of super-laser whose beams might be refocused on a fresh target as fast as 10-20 times a second using the "rubber mirror." Other weapons also have other attractions. A beam of electrons would not burn a hole, like a laser, but would dump its energy right inside the missile, causing a violent explosion.

A beam of neutral particles generated by a particularly compact kind of generator might be still more disruptive, even at ranges as great as a geostationary satellite, some 22,000 miles from earth. U.S. industry is heavily engaged in this approach, he says.

Although much of the discussion has been of a multi-layered defence system with different kinds of weapon attacking the ICBM at different stages—boost, cruise and decoet—of its flight, Dr Keyworth believes that it may pay greater dividends to concentrate several different weapons on the boost phase. This is undoubtedly the phase when the target is highest and the numbers are smallest.

Dr Keyworth is no fan of the "Star Wars" tag being given to the SDI programme. Its stress is not on space but on speed-of-light weapons, probably based on the ground, but using speed-of-light weapons, probably

—nothing different in principle from present-day defence practice, he contends. He firmly denies charges that will carry war into space.

Dr Keyworth commutes regularly between Washington and three West European countries—Britain, France and West Germany, delivering talks "trying to develop as strong an intellectual base for SDI as I could."

His targets have not usually been scientists, except for such people as Sir Robin Nicholson, scientific adviser to Mrs Thatcher. "President Reagan is the first President who's stood up and said let's do our best to manage the nuclear era," he says.

A key part of his job since the U.S. presidential election has been to reassure NATO allies that the idea is not for the U.S. to withdraw within "Fortress America," but for NATO to help manage the change to a world sheltered by ABM defences.

Dr Keyworth is convinced that the Soviet Union came back to the arms negotiation table because it believes that SDI can be made to work, and so to invalidate their advantage in numbers of warheads. This was a conclusion it reached, he says, from its own considerable experience of beam weapons—"not widely appreciated in Europe."

He sees this reflected in an increasingly shrill Russian campaign opposing SDI, and overshadowing the present Geneva arms talks.

But Dr Keyworth believes that the turning point in East-West relations on arms control may come nearer the end of the decade, when the SDI is ready to stage a major demonstration of a beam weapon and its ability to destroy enemy ballistic missiles.

There are clear signs that the governments of Britain, France and West Germany have all begun to accept the SDI case, he says.

Legal row breaks out over Goetz inquiry

By Terry Dodsworth in New York

A BITTER legal row has broken out in New York over the reopening of a grand jury investigation into the case of Mr Bernard Goetz, the 27-year-old engineer who won national fame after shooting four black youths on the Manhattan subway last December.

The decision to put the issue before a new grand jury is being seen as a victory by leaders of the black community in the city. Since the first grand jury declared that Mr Goetz's action could be construed as legitimate self-defence, black leaders have mobilised a forceful opposition, arguing that he should stand trial to explain his actions publicly.

Mr Robert Morgenthau, the Manhattan District Attorney, said that he had decided to re-submit the case because new evidence had come to light which was not available to the first grand jury. He refused to say what this evidence was, saying that he did not want to influence the grand jury's proceedings, which are held in secret.

Mr Goetz's action has won overwhelming public support in New York, where he is seen as a symbol of individual retaliation against the insecurity of many American streets and public places. Nevertheless, there have been signs recently of some reaction against him, particularly since evidence came to light indicating that he shot two of the youths in the back.

The District Attorney's handling of the case has also been criticised by two politicians running for mayor this year, Assemblyman Herman Farrell and city council president Carol Bellamy.

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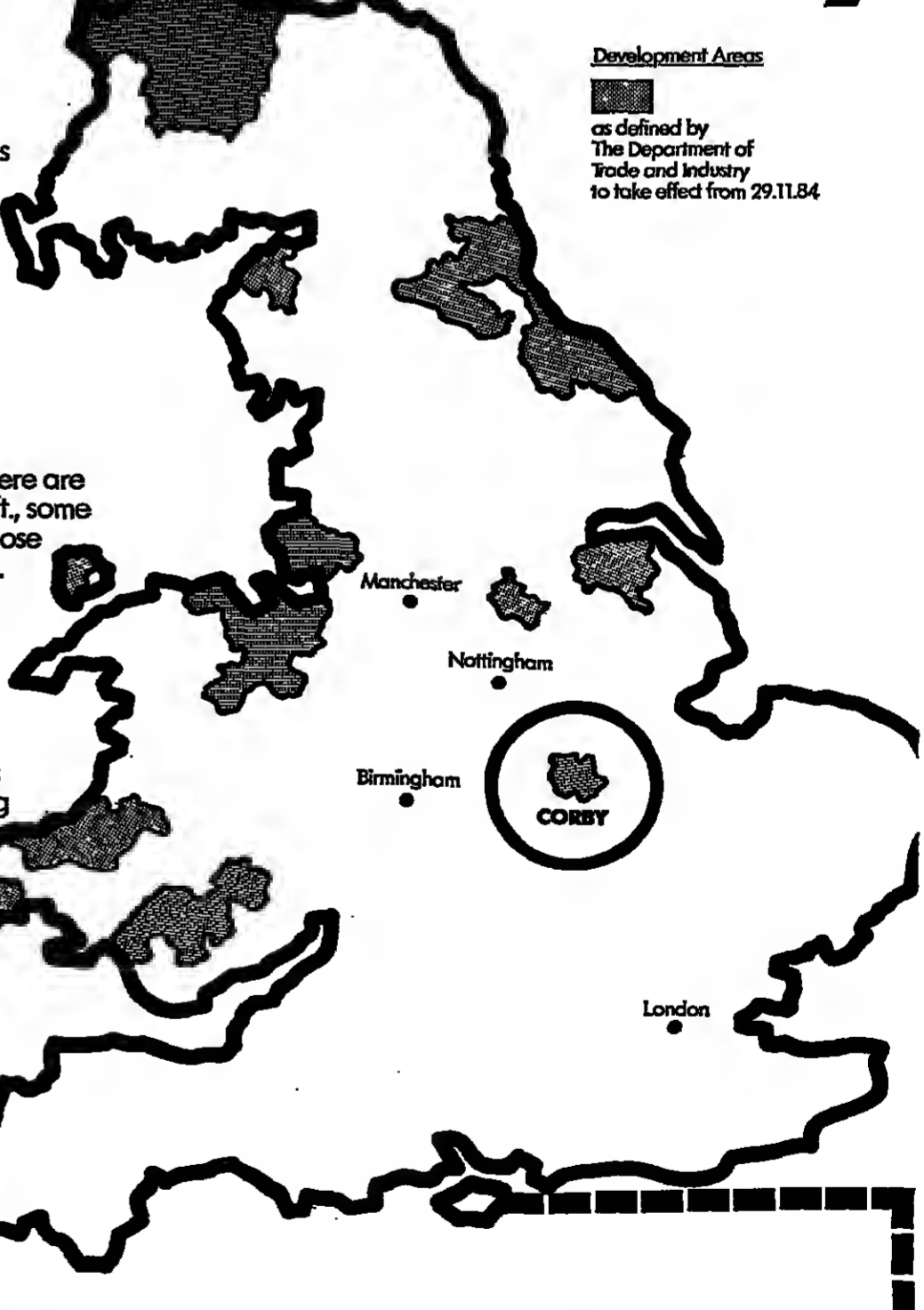
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OVERSEAS NEWS

Iraqis seek to stem Iranian offensive

BY ROGER MATTHEWS, MIDDLE EAST EDITOR

IRAQ yesterday launched what it described as a three-pronged counter-attack to drive out Iranian forces from territory they seized from Iraq in the latest big ground attack of the Gulf War.

Iraq acknowledged the seriousness of the attack by sending Gen Adnan Kheruliah, the Minister of Defence, to the front to direct operations. A military communique from Baghdad said the offensive had been halted.

Iraq launched its attack in the early hours of Tuesday using amphibious craft and helicopters but it was still unclear yesterday whether it will build up into the larger offensive that has been threatened for several months.

Nevertheless, both sides yesterday reported continued heavy fighting in the Hawziah marsh area in the southern part of the battlefield.

So far Iraq is claiming to have killed 700 Iraqi troops, taken 100 prisoners and destroyed 35 tanks and three helicopters. Iraq said it had killed an unspecified number of Iranian troops and brought down four helicopters.

Iraq has meanwhile resumed its air attacks on Iranian cities, striking at Isfahan and Balh.

IRAN yesterday said Iraq was using chemical weapons in the fighting on the southern Gulf War front, Reuter reports from Tehran. Iraq last year drew sharp international criticism after similar Iranian allegations that chemical weapons had been against its forces.

Iran, formerly Kermanshah. This followed earlier attacks on three villages close to the border.

Iraq responded immediately, saying it would resume its shelling of Basra, Iraq's second largest city which is just south of the fighting in the Hawziah marshes.

Travellers to Basra yesterday reported that one of the main roads from Baghdad had been closed to civilian traffic in order to permit long convoys of armour and other military equipment to head south.

In Tehran, the authorities have urged the population to keep their curtains closed at night and not use unnecessary lights. Power supplies were cut for six hours on Tuesday night. This is assumed to be a precaution against further Iraqi attacks.

Pakistan to get U.S. air-to-air missiles

THE U.S. will supply Pakistan with advanced air-to-air missiles after Soviet air intrusions from Afghanistan, Mr Michael H. Armacost, U.S. Under-Secretary of State for Political Affairs, said yesterday. AP reports from Islamabad.

Mr Armacost told a news conference, "the United States remains deeply concerned about the threat to Pakistan, and indeed all south Asia, from the Soviet presence in Afghanistan."

He also said United Nations-assisted indirect talks between Pakistan and the Soviet-supported government in Afghanistan could not make progress "unless there is willingness on the part of the Soviet Union to withdraw its troops from Afghanistan."

Mr Armacost said the U.S. Administration had notified Congress of its intent to supply Pakistan with AIM-9L air-to-air missiles to be installed on F-16 jet fighters that Washington is selling to Islamabad.

India set for growth

Prospects for the Indian economy look fair, the National Council of Applied Economic Research says in its survey for the 1984-85 year ending in March. Reuter reports from New Delhi. The survey, published only three days before the presentation of the new national budget on Saturday, says India's gross national product will probably grow by more than 4 per cent in the year, with industrial output likely to be higher than in the previous year but possibly falling below the Government's 8 per cent growth target.

Businessman held

A Delhi magistrate yesterday rejected requests for bail for Indian-born British businessman Mr Rajendra Sethi, who was declared insolvent in Britain's highest bankruptcy court, Reuter reports from New Delhi.

Mr Sethi was arrested here two weeks ago at the request of the Fraud Squad in London. The British High Commission said it had requested his return to face nine criminal charges involving several million pounds.

Indonesia counts cost of fire disaster

BY KIERAN COOKE, RECENTLY IN EAST KALIMANTAN

A DRIVE down the road from the Indonesian timber town of Samarinda to the oil town of Balikpapan in East Kalimantan is rather like entering a world in the aftermath of a nuclear war.

Leafless trees with blackened trunks dot the horizon. The smell of burning charcoal and coal fills the air and the chirping of birds has been replaced by the constant whirr of insects.

For four months in early 1983, East Kalimantan was the scene of a fire which ecologists now describe as the worst environmental disaster to be visited on the world this century.

The grim statistics tell much of the story: 3.7m hectares of tropical rain forest burn, an area roughly the size of the Netherlands.

An estimated 20m cubic metres of tropical hardwoods destroyed, valued at about \$12bn.

Valuable coal and peat deposits beneath the forest floor completely burnt out, and an inestimable quantity of wildlife killed and plants destroyed.

The cause of the fire was the worst drought in the area this century, which completely dried up the damp and swampy forest floor. The drought was caused by a rogue sea current nicknamed "El Nino," which



spread unusually warm water across the entire surface of the Pacific, playing havoc with normal weather patterns.

The result in East Kalimantan was the failure of the monsoon rains for more than two years.

Both at Samarinda and Balikpapan, airports had to be closed for up to a week at a time because of smoke and in Singapore and Kuala Lumpur, more than 1,000 miles away,

people complained of excess air pollution. Even now, two years later, some of the forests in the area are still burning.

The damage done by the fire is still being assessed. Mr Emil Salim, the Indonesian Minister of the Environment, says the issue is so complex that it could be the end of the century before any proper report on the disaster can be compiled.

"There are very few lizards and worms now," says a senior forestry official. "What do exist are caterpillars as big as a forearm." These and other insects are destroying many trees.

"By the time we chop them down," said one logger, "they are riddled with holes, just like a Swiss cheese." Many valuable seedlings have also been lost, particularly of the Meranti species, the most popular wood for plywood manufacture.

Further damage has been caused by flash floods which have hit parts of East Kalimantan since the fire. Peat deposits in the middle of the burnt-out area once acted as a sponge to soak up excess water during the rainy season; now the levels of the many rivers in the province rise alarmingly when the rain comes.

In contrast, during the dry season, people fear another fire which could turn into an even bigger conflagration with so much brush and deadwood to feed on.

In the midst of so much devastation, however, there are some signs of hope. Scientists working in the forest have been amazed at the speed with which some areas have regenerated. They have also found that small pockets of the forest escaped the fire and these might act as future catalysts for the forest's revival. Complete regeneration is very unlikely and will, anyway, take hundreds of years.

Questions have been asked about the apparent lack of action by the Indonesian Government at the time of the fire. Local officials have been accused of deliberately playing down the extent of the damage.

Pictures taken by a satellite belonging to the U.S. National Oceanographic and Atmospheric Agency in early 1983 showed the extent and pattern of the fire, and critics say Indonesia had access to the pictures.

But a German forestry expert in the area at the time of the fire says that, even with the most modern equipment and outside help, the fire was so big that little could have been done, especially after it went underground, burning itself out in one part of the forest and starting in another entirely separate area.

"The facts of the fire," he says, "are depressing enough, without trying to find someone to blame."

Zambian unions call off strike

By Patti Waldmeir in Lusaka

THE ZAMBIA Congress of Trade Unions (ZCTU) has called off a two-day nationwide strike by workers in the country's banks and several public sector corporations, after President Kenneth Kaunda took emergency powers to ban strikes in essential industries.

Banks reopened yesterday after a two-day shutdown sparked by a dispute over the abolition of a system of automatic deduction of union dues from workers' salaries. Operation returned to normal at the Posts and Telecommunications Corporation, the Railways and the Electricity Corporation after sporadic disruption on Tuesday.

Faced with an ultimatum by the Government either to return to work or suffer dismissal, ZCTU chairman Mr Frederick Chiluba had little option but to call off the strike, according to union officials.

Queensland sackings bring threat of stoppages

By Michael Thompson-Moel in Sydney

THE AUSTRALIAN Council of Trade Unions (ACTU) yesterday threatened widespread industrial action if the Queensland land state government refuses to soften its attitude to 900 sacked power workers.

Sir John Bjelke-Petersen, Queensland's anti-socialist National Party premier, recently banned strikes in the power industry, following blackouts and a state of emergency that cost industry A\$1bn (\$650m).

Sir John is also insisting that the sacked electricity workers work longer hours if reinstated.

Yesterday's move by the ACTU marks an escalation of the dispute, and might spark a showdown between Sir John, 74, and Mr Bob Hawke, Australia's Labor Prime Minister.

Mr Hawke is a former ACTU president. Part of Mr Hawke's electoral appeal rests on his promise to repair Australia's fragile industrial relations structure.

The ACTU has not yet revealed its tactics for combating what it sees as Sir John's vindictive war on union rights, but guerrilla-style work stoppages and rallies—perhaps nationally—are on the cards.

Union leaders have endorsed a national fighting fund which will seek to raise A\$1m.

Sir John, who rules unchallenged in Queensland, has the backing of employers for his campaign for "strike-free electricity," plus the endorsements of the opinion polls. He said yesterday there was nothing further to negotiate, adding that many of the sacked workers were prepared to work under the new terms.

Reuter adds: Aborigines will regain ownership of Ayers Rock, one of their most sacred sites and Australia's greatest tourist attraction, in an agreement reached today with Aboriginal Affairs Minister Clyde Holding.

Under the deal expected to be signed in June the Pitjantjatjara tribe would gain freehold title to the rock and surrounding Uluru National Park, in the Northern Territory.

The Government would have a 99-year lease on the rock and park and would pay the Aboriginal owners A\$75,000 (\$49,000) a year plus a fifth of the income from visitors' fees. Mr Holding said.

Bourguiba abandons plan for N. African summit

BY FRANCIS GHILES

PRESIDENT Habib Bourguiba of Tunisia has suspended attempts to convene a summit meeting of five North African heads of states because differences between Algeria and Morocco over the fate of the former Spanish colony of the Western Sahara have proved unresolvable.

In a speech made 10 days ago in Marrakesh, King Hassan ruled out any concession where his country's "territorial integrity" was concerned but refrained from attacking leaders.

This came five days after President Chadli of Algeria had ruled out any summit of North African countries which excluded representatives of the West Sahara people.

Meanwhile, the Polisario Front, which has been fighting for the independence of the Western Sahara since 1975, confirmed they had shot down a



German Dornier 128 aircraft flying from Dahle — at the south western tip of the disputed territory to the Spanish island of Lanzarote.

● The U.S. Administration is asking Congress for approval for \$140.7m in aid for Morocco next year. AP reports from Washington.

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WORLD TRADE NEWS

Over 80 Congressmen back Bill to cut textile imports

BY ANTHONY MORETON, TEXTILES CORRESPONDENT

MORE THAN 80 members of both houses of the U.S. Congress have backed a bill, to be introduced into the Senate and the House of Representatives simultaneously on March 19, to cut imports of textiles and clothes into the country.

A spokeswoman for Rep. Ed Jenkins, chairman of the House textiles caucus, said this week that by the time the measure is introduced, it was hoped to have the support of 100 Congressmen.

"This would make it one of the strongest supporters of measures to be introduced to Congress for years," she said.

In the Senate, the bill is being sponsored by Senator Strom Thurmond, a Southern textile constituency, and Senator Daniel Moynihan.

Details of the Bill are being kept secret by the sponsors, but it is understood they are seeking either global quotas on imports from 12 major suppliers or the imposition of an import surcharge.

The bill follows the setting-up of the Fibre, Fabric and Apparel Coalition for Trade (FACT) late last year under the chairmanship of Mr William Klopman, chairman of Burlington Indus-

tries of North Carolina, the largest textile concern in the world. Burlington has an annual turnover of just over \$3.5bn (£2bn).

FACT was set up following a huge surge of imports into the U.S. These rose by 63 per cent, as a direct consequence of the strengthening of the U.S. dollar, in 1983-84.

The bill is understood to isolate those supplier countries which each accounted for at least 1.35 per cent share of total U.S. imports last year. Suppliers would in future be restricted to 95 per cent of their 1982 shipments.

Seventeen countries fall within this category. The intention is not to act against the three European countries—West Germany, Italy and the UK—because of trade obligations. Nor is any action being proposed against Canada and Mexico.

The 12 likely to be affected are Taiwan, South Korea, Hong Kong, China, Japan, Pakistan, India, Indonesia, the Philippines, Thailand, Brazil and Singapore.

The intention also is that every country, other than the dominant 12, be restricted to an increase of no more than 15 per cent each in supplies to the U.S. this year and, thereafter, would

E. Germany set to take up £5.5m credit line

By Marjorie Lindsay in Leipzig

DEUTSCHE ANSSENHANK (DAB), East Germany's state bank, is expected to sign the first floating-rate D-Mark denominated general purpose line of credit with a consortium of banks led by Lloyds Bank International of the UK.

The DM 20m (£5.5m) deal is expected to be signed tomorrow. The credit line is expected to be doubled to DM 40m in the next few months.

The UK Export Credits Guarantee Department is supporting the credit line. The loan is for capital and semi-capital goods and associated services, mainly related to textile goods from the UK and such non-UK goods as may be approved by ECGB.

The interest rate will be at margin over the Libor rate for D-Marks. The current borrowing rate would be 7.75 per cent.

The credit line is to be used for orders for British textile machinery in particular. The deal was struck at the semi-annual Leipzig Trade Fair.

Other members of the loan syndicate include Barclays Bank, National Westminster Bank, Midland Bank, and Williams and Glyn's Bank.

Ian Davidson previews Japan's Science and Technology Exhibition 'Expo' with fairground trappings

IF YOU want to see an outdoor television screen 40 metres wide by 25 metres high, ride on an experimentally magnetic-levitation train, or watch a 3-D science film created by a computer and projected on a wrap-around dome screen, the International Exposition which opens at Tsukuba in Japan on Sunday will be the place for you.



A portrait-painting robot in the Matsushita Electric exhibit is one of the attractions at Tsukuba Expo '85

The official theme is: "Dwellings and Surroundings—Science and Technology for Man at Home", but it may well turn out to be more like an educational-technological Disneyland, with many exhibits to impress the visitors with the wonders of modern (and more especially of Japanese) industrial technology.

About 28 Japanese companies are exhibiting, including many of the most famous names (Mitsubishi, Matsui, Matsushita, Sanyo, NEC), as well as 47 foreign countries, and there are a number of Japanese government pavilions.

During the six months that the Exposition is open, the organisers hope for 20m visitors, including 1m from abroad; half of the visitors are expected to be children, and they are likely to enjoy it most.

The vast outdoor television screen is the so-called Jumbo-tron by Sony, and it is composed of 6,300 light-emitting units, digitally controlled from a central control room; apart from pre-recorded film, a camera on

example—which are displayed in successive scenes in a kind of ghost-train ride, to the accompaniment of Abhinav's Adagio and Bach's Jesu Joy of Man's Desiring.

Outside, the Expo has many of the trappings of a fairground: an 85 metre-high Ferris wheel, a monorail and a cable car.

No one pretends that Expo '85 will make money. The direct construction costs at the site itself are estimated at ¥130bn (£454m), while the indirect costs on communications and infrastructure come to another ¥440bn, adding up to a grand total of ¥570bn.

By contrast, income from admission tickets are expected to reach only ¥25bn, or about \$91m.

On the other hand, part of the purpose of the investment in Expo '85 is to publicise the nearby Science City at Tsukuba, now the home of two universities and 44 other research institutions which, in the past four years, have transferred from other parts of Japan, mainly Tokyo.

When Expo closes and the pavilions are torn down, the Government hopes private Japanese companies will take advantage of the prepared site to set up manufacturing facilities. So far, according to the organisers, about 30 companies have shown some interest in the idea.

Pledge on petroleum products

BY PAUL CHEESNIGHT IN BRUSSELS

IMPORTS of petroleum products from new refineries just on stream or coming into production in the Middle East should be safe from EEC tariffs provided they do not exceed 20m tonnes a year by 1990.

The European Commission yesterday published its forecasts for the future of EEC refining and its assessments of the impact of new Middle East output in the form of a communication to the Council of Ministers which meets in Brussels tomorrow.

That 20m tonnes would be some 40 per cent of the expected flow of petroleum products on to the world markets from Saudi Arabia primarily, but also Kuwait and Libya. The rest is likely to go mainly to the U.S. and Japan, the Commission said.

"But it would be up to Ministers to decide that this tonnage is a reasonable amount for the community to absorb, officially made clear.

The Commission is confident that the tonnage from the Middle East can be absorbed on the world markets if:

- The exporters maintain what it calls "their traditional responsible attitude towards trade in petroleum products," which presumably means there is no dumping; and,
- The main consumer markets adopt similar policies, that is, they do not entrench themselves in a protectionist race.

But the Commission gave a warning, likely later to be echoed by Ministers: "The Community has always applied a liberal policy as regards imports of petroleum products."

"This attitude should not, however, result in the Community bearing the whole burden of the new refineries entry into the market."

Petroleum products for further processing are not subject to tariffs. Those for consumption directly attract a tariff of 6 per cent—light and medium oils—or 8.5 per cent in the case of heavy oils.

Exports from Saudi Arabia, Kuwait and Libya come in under the generalised scheme of preference, meaning that duties can be imposed after a certain ceiling has been reached. Although imports have frequently been higher since 1979 no duties have been imposed.

The new production comes on the market as the Community industry continues to restructure. Primary capacity has been reduced by one third since 1977 and is now 10 per cent above the capacity required on the basis of 80 per cent utilisation.

After cuts this year, installed distillation capacity in the EEC will be some 570m tonnes a year.

Skoda plant orders 'soon'

By Leslie Collett, recently in Prague

CZECHOSLOVAKIA is expected shortly to award contracts worth \$110m (£10m) for the modernisation of the Skoda car plant. The equipment is needed for production of a new model car in 1987.

A welding shop with dozens of industrial robots for spot welding will be ordered along with parts of the assembly line and machining centres for making cylinder heads, gearboxes and crankshafts.

Contracts will need to be awarded soon if the timetable for the new model is to be kept, Czech officials say. The orders are to be split up among several Western companies.

Britain is the biggest single market in the West for Skoda cars and several UK companies have submitted bids.

Seoul scales back nuclear energy programme

BY STEVEN R. BUTLER IN SEOUL

THE SOUTH KOREAN Government has scaled back ambitious plans to expand its nuclear energy programme. It will build two out of an initially planned four new reactors, to give the country 11 nuclear power units by the end of 1996.

The decision ends a long debate within the Government over the economic advantages of nuclear power. The nation's economic planners in recent years have continuously revised downward their forecasts for the growth of energy demand in the country.

Construction of the two plants is scheduled to start in 1988, with the plants completed in 1995 and 1996.

A bidding schedule on the plants has not been announced, although one industry official said he expected bidding might take place at the end of the year. "Nothing official has happened yet," he said.

At present, South Korea has three plants under operation, with six to be completed by 1989. After completion of the plants in 1996, nuclear energy will supply one-third of the nation's electricity needs, up from a current 13.5 per cent.

The Minister of Energy Resources said that a total of 17 power plants would be built in the 1991 to 1996 period.

Two of the plants would be the nuclear plants with a generating capacity of 900 Mw each. There will also be 12 500 Mw capacity plants fired with bituminous coal, and three hydro-power plants.

The completion of all the plants will give South Korea a total generating capacity of 23,285 Mw.

Fresh bid for talks to lower trade barriers

BY OUR TRADE EDITOR

TRADE MINISTERS from Pacific countries meet this weekend in the latest of a series of informal gatherings to advance the launching of a multilateral negotiation on world trade barriers under the auspices of the General Agreement on Tariffs and Trade.

The weekend meeting in Tokyo will be hosted by Mr Shintaro Abe, Japan's Minister of Foreign Affairs.

The impetus for another GATT round starting next year has come from the U.S., and Japan, with support from Canada, Australia and some EEC countries including the UK.

But recent reports from Washington suggest that France and Italy are reluctant to endorse the project unless there is a parallel conference on monetary reform. That rider has been rejected by U.S. officials.

The Tokyo conference, organised by the London-based Trade Policy Research Centre, will bring together Ministers or senior officials from Malaysia, South Korea, the Philippines, Hong Kong, Thailand, Australia, New Zealand, the U.S. and Canada.

Wimpey International

WE WOULD like to make clear that Wimpey International has secured an agreement in principle to carry out a feasibility study for an aluminium smelter in Malaysia.

The final details have not been settled. The study, if carried out, could lead to a full turnkey contract for the company.

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THE MANAGEMENT PAGE: Marketing and Advertising

1984 was the year of "issue" advertising—that method of spreading information that is guaranteed to spawn bowls of outrage. Scrumptious, goes the cry. Disgusting. Alarmist. Propagandist.

But then it is not a cosy form of advertising. The idea is to jolt observers into consciousness of an issue. To make us take a stand. To take issue—generally in response to a government initiative.

What if you mean our medicines are coming off the NHS? ... we're over 65" runs a current ad featuring two bewildered pensioners. An ad designed, if ever there was one, not to leave you sitting comfortably. The issue is the Government's proposed limited list of prescription-only medicines available on the Health Service, a move vigorously opposed in print, most visibly, by the Association of British Pharmaceutical Industries in a campaign that began running in December.

Or there is the Orwellian image of Mrs Thatcher on screen dominating the masses. "In 1984," says the ad "Central Government took new powers to control local councils." The issue is the government's rate-capping scheme and the agitation, the Association of London Authorities, which opposes such parental control.

Nor have Londoners failed to miss the GLC's anti-abortion campaign. The poster covered in red tape with the words, "Imagine what London will be like run by Whitehall." Or the ad which made a hero of the GLC's leader, Ken Livingstone, by featuring him with the line "If you want me out you should have the right to vote me out."

There is a marked increase in spending in this area. According to Media Analysis by Expenditure which defines the sector as "political and trade union" advertising, the overall spend in press (at rate card) was £1m in 1982, £3.9m in 1983 rising to £7.4m last year. (Political advertising on television is not allowed.) Among 1984 campaigns were those from the National Coal Board (£1.3m specifically on the miners' dispute and £1.8m on its "reshaping" plans).

Issue, or advocacy, advertising is not new in the UK. Back in 1901 the British tobacco companies joined forces to fight American imports. In 1947 Tate & Lyle ran its Mr Cube campaign to ward off nationalisation. It is since the 1970s, however, that the practice has come to the fore, as companies and industries band together to fight for their rights. In the early seventies Bristol Ship

Are the critics of ratecapping left-wing extremists?



Ratecapping makes no sense.

Making an issue of public opinion

Feona McEwan reports on advertising in the 'political' arena

Repairers begged the Government: "Dear Mr Benn, please don't nationalise us." In 1976, the banks took up the cry when nationalisation was proposed, and collected some 35,000 coupons (90 per cent of them supportive) for their trouble. "British issue advertising tends to be reactive," says Anthony Wreford of corporate communications specialists, Mc-Aroy Wreford Bayley. "We've only seen limited use of it here. It's back to the wall stuff, whenever there's a problem. Some instances where issue advertising has been used include the Standed airport debate, the British Airways-British Caledonian air routes tussle, local authority cuts, tobacco restrictions."

"Things are different in the United States. American companies are well versed in making pre-emptive advertising strikes, building goodwill by explaining themselves to opinion formers and decision makers in advance of potential problems. Mobil has been doing this every week for about 15 years in the New York Times and the Wall Street Journal. So has United Technologies (see this page February 23 1984), to name only two. In Europe, the Dutch motor industry has taken a public stand on issues like taxation and pollution.

The British pharmaceutical industry took up its campaign, its first ever, in exasperation, some say desperation. (The

association represents all major manufacturers of prescription-only medicines available in the UK.) Joint corporate activity had been contemplated before: "The industry has always felt it has had an unfair deal," says Peter Lumley, public affairs manager of the ABPI. It is accused of being overly profitable, of making profits at the expense of the sick, and a poor press hasn't helped, he says.

So why now? The idea of a limited list coming after two government price controls since 1983, was seemingly the last straw. "The industry felt clobbered and decided to fight tooth and nail."

"We felt desperately unhappy about extremely misleading information given to the press and the public," which the ABPI felt minimised the sweeping nature of the move. The original proposed list contained about 80 drugs in eight therapeutic categories which alone could be prescribed on the NHS.

So the industry is parading its virtues. "Our research is saving lives... that's worth a lot more than the Government's limited list." It announced to the public in full page ads.

This is a hard-hitting campaign (devised by Oliver Miller Advertising with a £1m budget) and one that has stirred up its own furor. "MPs have accused us of raising unnecessary fears," says Lumley, "but you can't do an issue campaign without upsetting government

ministers. It wouldn't be working, would it?" The idea has been to urge members of the public to write to their MPs.

"We gather MPs are receiving postbags as big as anything since the abortion bill," says Lumley, though he does not suggest the campaign alone is responsible.

"What we've done is achieve a victory in the sense of generating a much wider public debate on the issue than would otherwise have happened," says Lumley. Initially the public was invited to respond to the association by filling in coupons, admittedly by Freepost. It was overwhelming.

The ABPI had expected 20,000, it received 100,000 in three weeks and another 30,000 after the invitation coupon ceased to appear. About 900 did support the government—which represents about 1 per cent of the response.

As a result of general public pressure, with community organisations, trades unions and the medical establishments putting their case too, the "white" list currently stands at more than 100 products. The Government is due to make its final decision any day now.

Proposed changes in local authorities have inspired advertising responses for the past three years, most visibly in the past six months on the rate-capping issue. In 1981, The Association of Metropolitan Authorities, which represents a

large number of local authorities, ran the "Keep it Local" campaign, urging people to write to their MPs.

Strong graphics from agency Bosse Massimi Pollitt (which did the GLC campaign) of a gagged woman with the line "Whitehall's new idea of dealing with local questions" and image of a pair of hands tied behind the back saying "What's Whitehall up to behind your back" warned of the Government's rate-capping proposals.

The issue proved a hard one for capturing public sympathy. Research had shown, according to BMP, that people were dimly aware of the proposals if at all; those who knew didn't care much and the whole thought the proposals a good thing as they were seen to be trying to restrain waste.

The campaign appealed for public sympathy on the lines that at least local government knows more about local affairs than does central government. The Bill, as it turned out, was ultimately amended.

More recently, the Association of London Authorities has taken up the gauntlet on behalf of a number of large London boroughs, the GLC and LICA. Various individual urban boroughs have conducted their own ads too, like Sheffield, Liverpool and Manchester.

"It was a complex issue to try to put across," says Barry Delaney of agency Delaney & Delaney, which developed the "Rate-capping makes no sense" campaign for the ALA. "On the one hand there was the complexity, on the other an embarrassment of riches in that the legislation was full of anomalies."

They got round the problem with ads such as the moving goalposts claiming "How Whitehall decides which local councils are on target", this outlines the contradictions, as the ALA sees it, of the Government's methods of setting financial targets for local councils.

Response to the campaign has been fierce. A number of referrals have been made to the Advertising Standards Authority (the industry watchdog on print industry) even though its remit excludes political advertising. One publication insisted on putting the word "advertisement" over each page of a spread for the first time for about 20 years. Editors, of course, have the final veto over any advertisement to appear in their publications.

The result of the ALA campaign remains to be seen; parliament will make up its mind on the issue shortly.

All change in Canada

Tony Thompson explains why accounts move with the Government

THE MANNER in which Canadian government advertising contracts are awarded has come under public scrutiny following last September's election of Brian Mulroney's Progressive Conservative Party.

It has long been an open secret that advertising agencies supporting the ruling political party are rewarded for their help, particularly during election campaigns, with federal government accounts. A change of government signals a wholesale switch of accounts from Liberal to Conservative-supporting agencies or vice-versa.

The federal government is the country's largest advertiser. It spends C\$60m (£42.8m) domestically and C\$30m abroad on tourism and trade annually. The Bill, as it turned out, was ultimately amended.

That's the way it is in our business," says Hank Karpus, president of Ronalds-Reynolds and Company, Toronto, one of the top 10 Canadian advertising agencies. "There has been a change of management (in Ottawa), so we can expect a change of agencies."

Karpus's agency held business under the Liberal government of Pierre Trudeau, only to lose it when the Conservatives gained power. The lucrative tourism account has moved to Camp Associates of Toronto, a front-line Tory agency; also gone is the Government's media placement contract, which R-R shared equally with three other "Liberal" shops through Canadian Media Corporation, Toronto.

The recent switching of the media buying contract, said to be worth a C\$1.5m a year fee, from CMC to Media Canada, Toronto, before Media Canada had even been incorporated as a company, brought the matter to a head. Media Canada is owned by solid supporters of Mulroney: Peter Simpson, an expatriate Scotsman, no longer

involved in the advertising business, who spends much of his time in California running his film production company, and Roger Nantel, a Montreal-based public relations consultant.

In all probability nothing more would have been heard about the change had not Nantel told a reporter that his share of the profits would not "go to individuals, but will go to special events for the sake of the (Conservative) party."

This immediately had Liberal MPs jumping in the House of Commons, alleging that "kickbacks" were involved and demanding an inquiry into the award of the contract to Media Canada. There had been no such request in 1980 after the Liberals fired Media Buying Services, Toronto, following their victory over Joe Clark's conservatives, and handing the job to CMC.

Nevertheless, the minister responsible, Harvie Andre, agreed to call in the Royal Canadian Mounted Police to investigate. The allegation, Andre said he would resign sooner than agree to any deal involving kickbacks, denied there was any substance to the Liberal allegations. Nantel said he couldn't recall making the statement to the reporter who, he said, had probably made "an honest mistake."

Andre did offer some hope of a new direction in awarding advertising contracts during the parliamentary exchange. In future, he told the Commons, contracts would result from a scrutiny of presentations by at least three agencies.

Agencies with a high profile Liberal image are sceptical that they will in future be invited to pitch for the more profitable government accounts. And the multinationals will stay out in the cold, according to the industry's director of communications, Norman Manchester.

"Everything I have seen to date suggests that we are going to stay with Canadian companies in London, or find out who won the Institute of Sales Promotion Golden Jubilee award last year, or where to go if you lose your credit cards—the UK Marketing Handbook 1984-85 is at your service."

A ready reckoner, this compact guidebook around the marketing arena is at the very least a useful starting point

panies certainly for advertising within Canada. We have a home-made industry and any recommendation to the minister would be that we do not include the multinationals," says Manchester.

This stance angers the multinationals, 90 per cent of whose employees are Canadians. Julian Clouet, president of Ogilvy and Mather Canada, with a staff of 270 in three offices, calls the system "grossly unfair." (Q&A, Clouet says, has government business in other major countries round the world, including the UK, Australia, New Zealand and South Africa.)

"Accounts should not be awarded on past favours, or according to which party in an election drive," he says. "Ownership is an inadequate definition of nationality and largely irrelevant to good citizenship."

Ironically, the only open competition for government advertising is in Quebec, where the supra-nationalistic Parti Quebecois operates a point-count system based on professional criteria. This has led to multinationals winning provincial government business on merit. Clouet applauds the Quebec method. "It is exactly what we are advocating federally," he says.

True to his word, Andre did call for three presentations for the tourism account, the first major piece of business to be offered. All three agencies are well-known Tory supporters: Hayhurst Advertising, Toronto, handles the Canadian business of Saatchi and Saatchi; Foster Advertising, Toronto, is the major agency for the Conservative-controlled Ontario provincial government, and the winner, Camp Associates, is headed by Norman Atkins, who was chief advisor to Mulroney during the election campaign.

The advertising industry is waiting with interest to see who will be invited to pitch for other pieces of federal government business, for the busy businessmen.

Published by Cape Press, this is the third edition. It costs £35 plus £2.25 postage and packing and is available from 100 St Martin's Lane, London WC2 (Tel 01-479 7396).

FMCE

WHAT THE BUDGET MEANS

(rather than what it says).

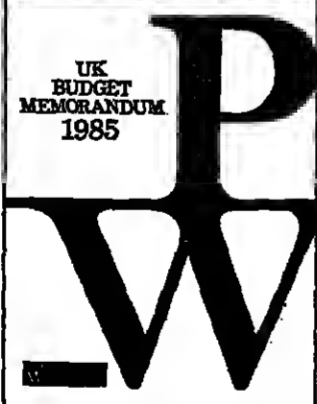
March 19th will be a testing day for the experts in Price Waterhouse.

Some will be giving incisive comment, to both clients and the media, as the Chancellor presents his case.

Some will be spending the evening answering the more technical enquiries of the members of the press.

And some will be burning the post-Budgetary midnight oil preparing a considered document looking beyond the rubric and the rhetoric.

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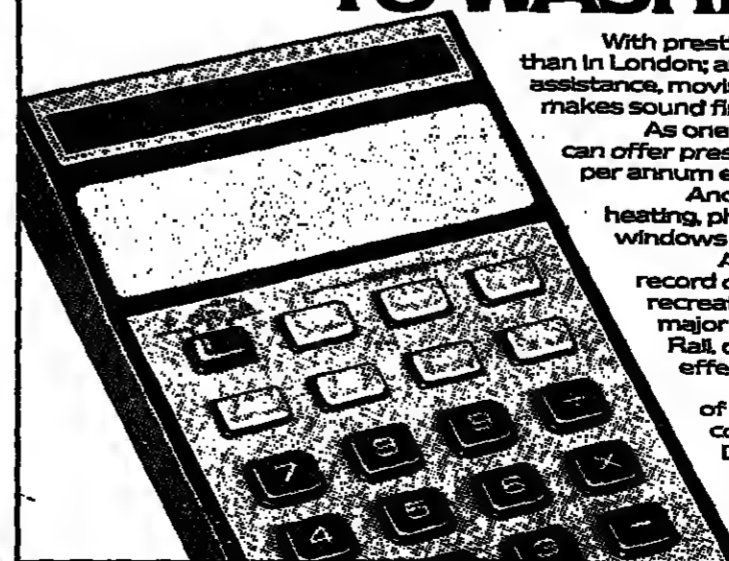
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Washington. In a word, success!

The Cart Brothers

by Christopher Martin
illustrated by Eduardo Paolozzi

SO LONG AGO that we have lost count when, there lived in the village of Thorhallstead below mount Hjalti, an elderly ox-cart maker called Egill.

For some months past old Egill had not risen from his bed and now in his last hours he called for his two sons, Asmund and Arlund.

"My sons," he said. "I have built up the most respected and renowned ox-cart trade in all the Uplands. And now I hand it over to my two fine boys. But fine as you are, you are of very different minds. In business, each would drag the other down. So after long hours of thought, I have decided to divide my business equally. You will have half each to run and do with as you please."

"But before I die, pray heed these last words of warning. The world is changing. In your lifetime it will change faster than it has done in mine. One day something may come to replace the ox-cart, just as the spear was overtaken by the bow-and-arrow. Always be prepared for change." With these words, the old man died.

So now Thorhallstead could boast two ox-cart makers and as time went by the different personalities of the two sons began to be reflected in their businesses. Asmund continued to make

carts just as well as his father had done. He kept abreast of the times, improving and refining his carts, and painting them a different colour each year.

Arlund, on the other hand, decided to widen his interests. He acquired a small stake in a farm and pine forest (timber was by far the largest source of energy in those parts); and in the foundry that made his new iron wheels; the tannery that supplied the leather for his new upholstered, "de-luxe" ox-cart; and the spring-makers who were even now designing the springs that would be fitted to the first independently-sprung ox-cart in the world. (He had it on good authority). "Food, energy and transport," he would say, "mean that whatever happens in this crazy world, I shall be self-sufficient."

Then one day, news of a momentous invention reached the Uplands. A new mode of transport. "It is powered by a horse, not an ox," said the traveller who had brought the news. "And it has four wheels, not two, and is covered, not open. It's called a 'Horse and Carriage'."

As demand for ox-carts ended almost overnight, Asmund's works went into a steady decline. He had neither the resources nor the know-how to adapt quickly.

Arlund, on the other hand, leant heavily on the other arms of his business and was soon the leading, and indeed the only, 'horse and carriage' maker in the Uplands.

Years passed and Asmund had to come to work for Arlund to keep his family in food.

Arlund's business grew and grew as did the two fine boys that had come from a successful marriage to Helga, his childhood sweetheart.

Came the day that Arlund, now a tired and ailing old man, called his two sons to his death-bed. "Fine boys as you are," he



said, "in business each would drag the other down. So I have decided to divide my business equally. You will have half each to run and do with as you please. Before I die, pray heed these words of warning. The world is changing. It will change faster in your lifetime than it has in mine. One day something may come to replace the horse and carriage, just as *it* replaced the ox-cart. Always be prepared for change." With these words, the old man died.

VOLVO

EDITED BY ALAN CANE

10

TECHNOLOGY

AUTOMATED TECHNIQUES TAKE THE DRUGS OUT OF LABORATORY TESTS

Robot workers invade the labs

BY PETER MARSH

ROBOTS are making a determined bid to march into the unfamiliar domain of the food and chemical industry. Leading the foray is Zymark, a small American company that in a little over two years has installed 320 robot systems in this area of business, mainly for laboratory work in the U.S.

In Britain, Taylor Hitec, a British designer of automation equipment, is putting the finishing touches to a plant for Beecham Pharmaceuticals in Worthing, Sussex. In it, industrial robots (computer-controlled arms) will load drugs in powder form into kegs.

Taylor Hitec has high hopes of installing similar systems for other pharmaceutical companies. It is talking to Biochemie, which is owned by Sandoz, the Swiss drugs company, about building a robot work-handling cell for a factory in Kundl, Austria.

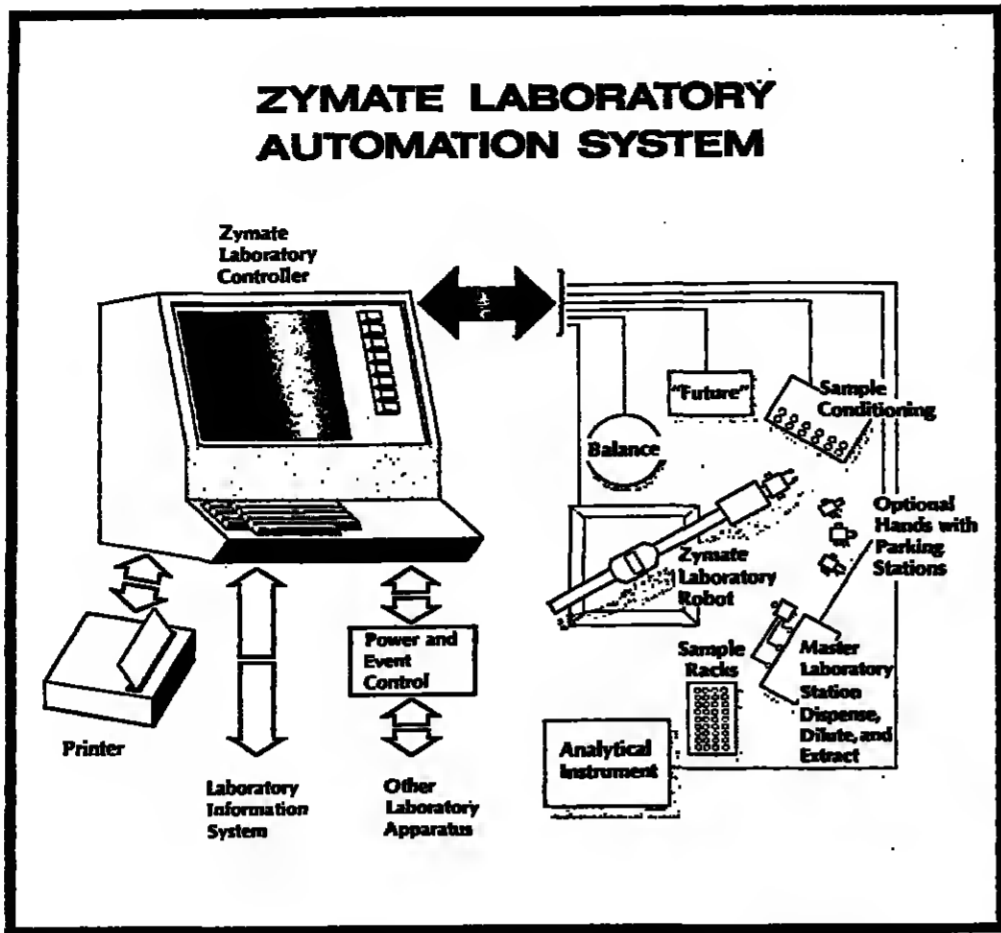
Fisons, the British chemicals concern, is interested in developing its own robot for operation in laboratories. In work partly funded by the Department of Trade and Industry, the company has commissioned ERA Technology of Leatherhead to build a prototype of such a device.

The £40,000 project, which should be finished by the summer, could be followed by further studies leading to a product that Fisons could sell.

Only a tiny proportion of the 90,000 or so industrial robots in Western Europe, Japan and the U.S. work in laboratories or in the chemical and food industry.

But this picture is changing, for two main reasons. First, robots linked to automation systems can speed up a lot of straightforward laboratory work — analysis of chemical samples, for example — that for human workers is tedious, repetitive and sometimes (due to the nature of the chemicals) dangerous.

Second, the replacement of human workers by robots can reduce quality-control problems for chemical companies. People (involved, perhaps, in loading bulk quantities of powders into containers) can introduce contaminants such as dirt and dust while the cleanliness and sterility of robots can be



virtually guaranteed.

This point is underlined in the case of the three robots that Taylor Hitec is setting to work at the Beecham plant, a new facility that will turn out eugmentin, an antibiotic.

The machines are conventional industrial robots, supplied by Fanuc of Japan. They will be clad in an "armour" of stainless steel that can be scrubbed clean. The robots will be responsible for a range of jobs in the final few stages of the manufacture of the drug.

Each device is in an independent cell which is adjacent to a storage vessel containing the antibiotic. The robots' main task is to channel the power

into kegs of up to 30 kg that are later sent to distributors.

Under the control of a supervisory computer, each robot with its gripper will clip the kegs to a valve in the storage vessel and check the weight of the filled keg. In addition, the machines adjust ink-jet printing equipment which impregnates on the side of the container information such as the weight of the powder and manufacturing details.

Later, the devices will put lids on the kegs and lower the filled items on to a transfer mechanism that sends them to a warehouse.

The Fanuc machines will intermittently fill small stainless-steel sample trays that are sent to laboratories for quality checks.

The cost of automating the three cells came to about £750,000—of which the three robots accounted for roughly £60,000. The rest is accounted for by computer hardware and software and further equipment such as special "hands" for the robots.

Typical costs for the robot systems supplied by Zymark are £25,000 to £40,000, of which the robot arm accounts for £17,000. In these sets of hardware, the arm swivels between a range of equipment—it might, for example, load sample into

weighing machines or into

instruments that analyse substances chemically or by spectroscopy.

Kodak has 20 such systems, mainly in its laboratories in Rochester, New York. The hardware prepares chemical samples, for example for analysis by nuclear magnetic resonance.

Dow has bought a similar number of robots from Zymark for jobs such as tests for pesticides in laboratories in Midland, Michigan. Other customers in the U.S. include Merck, Du Pont, Johnson and Johnson and the pharmaceutical companies Miles and Abbott.

In Britain, where Zymark set up a sales office in Warrington, Cheshire, a year ago, the company has sold eight robot systems. G. D. Searle uses the equipment in drug analysis in laboratories in High Wycombe. Other users include ICI Pharmaceuticals at Alderly Edge, Cheshire, SKF (Welwyn) and Esso (Aldington).

Lufthansa, the German airline, has ordered equipment from the company for analysing food served to passengers to check its freshness, while Britain's Severn Trent Water Authority has asked Zymark to specify hardware to help investigation into water purity.

Zymark set up in Massachusetts in 1981 by Frank Zenie and Burleigh Hutchins, both of whom have backgrounds in the analytical instruments industry, has annual sales of about \$7m (£6.3m). The company has sold 35 robot systems in Western Europe in the past year and Gordon Johnston, managing director of Zymark's British arm, says that sales prospects are "fantastic". He expects to sell about 80 sets of hardware in Western Europe in the next 12 months.

A range of industries in Britain have joined a "club" sponsored by the Laboratory of the Government Chemist, a state-owned research organisation, that was set up last year to back the development of laboratory robots. Members include British Petroleum, Glaxo, Unilever, Petrolchem, Shell, the Wellcome Foundation, English Clays, Pedigree Petfoods, Imperial Tobacco the Atomic Weapons Research Establishment at Aldermaston and ICI.

Monitoring

Electronic eyes under forecourts

BY THE first of September this year, Esso should have converted all its 100 or so wholly owned petrol stations to a form of electronic stock control which could point the way to completely unattended petrol deliveries.

At present, at each of the UK's 23,000 or so filling stations an operator has to be on hand by law while petrol tankers fill up to four to seven 27,000 litres tanks under each forecourt.

Now Esso and the other big petrol companies are planning to use electronics to render the operator's role obsolete—even if the law is likely to insist that deliveries are attended for some time to come.

They are investing in a "black box" built by Normond Instruments, a company which specialises in tank contents monitoring and which is already a major supplier of analogue petrol station tank gauges.

The black box is a micro-processor-based logic device which accepts signals from Normond's electronic tank gauges and which can send them to a variety of devices — a visual display for example or the cashier's point of sale terminal.

Similarly, it can despatch the signal to a modem, a device which converts digital data into information which can be transmitted along a telephone line. So all the information about petrol stock can be sent instantaneously and automatically to the petrol company's head office while the tanker is discharging its contents. It makes close control of stock and regulation of losses from evaporation, leakage and theft easier to manage.

Information recorded by the device can be transmitted to data logging equipment. According to Mr Peter Norfolk, Normond managing director, when used in hydrocarbon based products, water detection can be incorporated allowing a site to monitor gradual build-up of water until a pre-set intolerable level is reached.

Which should be good news for drivers whose cars react badly to being filled with water-contaminated fuel. Normond reckons it has a significant lead in tank monitoring; the U.S. has not been very active in the area because fuel has never been as expensive there. Normond calls its black box the DG2. More on 01-940 7373.

Computers

Personal machines

LONDON-BASED, Cheetah has launched a range of three personal computers which are IBM compatible. Cheetah, which specialises in home computer peripherals and software, has ventured for the first time into the IBM compatibles market.

Each computer in the range has a basic memory of 256kb with options of floppy disks, hard disk and tape back up. Applications of the machine lie mainly in small business, corporate office, communications and administration. More details from Cheetah on 01 833 4903.

Software

Corporate computing

DIRECT TECHNOLOGY has launched a product called PC Automator. This is a software support system for corporate personal computer users. It can carry out tasks such as automating routine or tedious jobs in accounting or data entry, training new users, demonstrating other software and customising word processors.

The package, which costs £245, has been on test since November last year. It is loaded alongside the operating system and learns how to control other programmes that run on the IBM personal computer and compatible machines. Direct Technology is based in London on 01-447 1666.

Plastics

Strong polymers

A FACTORY costing \$60m has been opened to manufacture a high strength polymer for applications in civil engineering, agriculture and horticulture.

Based in Atlanta, Georgia, the plant is a joint venture between Nelson of Blackburn in the UK and Calf Canada in the U.S. Nelson developed the material which has strength comparable to that of mild steel.

It's time to give punch-clocks their cards.



Deaf aids

Better hearing

A NOVEL type of hearing aid has been developed which would give those with hearing impairments new hearing to the sound they can hear. It is called the Craigwell Electronic Hearing Aid. It has overcome the problem with most aids which do little more than amplify sound.

Often this means that unwanted background noises are amplified along with wanted sounds, or, one to the wearer's own hearing problems, sound is so badly distorted that few comprehensible sounds can be picked up.

The basic idea behind the Craigwell aid is that it can improve the intelligibility of speech in noisy situations for a large percentage of those with hearing impairments. Figures for the number with hearing problems vary, but it is reckoned that at least 10 per cent of the UK population are sufferers and more than 100 people wear some form of hearing aid.

The new aid is applicable to 80 per cent of the hearing-impaired population, people who are hard of hearing but whose problem is best illustrated by the person who does not hear when you talk to them quietly but who, at the moment you shout, says, "I'm not deaf."

Craigwell's device is basically two hearing aids in one. One is designed to pick up words which have a frequency below 1.5 kHz and the second for consonants produced about 1.5 kHz. These two independent sound processing channels have their own preset controls tailored to the wearer.

The company has resorted to silicon chip technology to produce a device which is small enough to fit behind the ear. Even so, it is complex with more than 250 individual parts which means that it is very much at the top end of the market selling for about £500.

Smart cards

Point of sale

ITALY'S FIRST field trial of a point-of-sale payment system using the French "smart card" has been taking place in the Bormio area of the Italian Great Lakes region.

A regional bank, Credito Valtellinese, distributed 5,000 of the cards and has placed 35 off-line POS terminals in shops and hotels.

Dubbed "operation Telex", the trial is being monitored by Intermat, the international marketing arm of the French telecommunications authority, which is also laying the groundwork for future development of other smart card applications in Italy.

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FT14/3

INFORMATION EXCHANGES

Building communications links

A SWITCHING system which only a year or two ago would have been called a telephone exchange but which is now bound to be called an "information exchange" has been introduced by Philips.

It is a key element in the big Philips drive to provide communications and switching systems, for wide and local area working, under the name Sophomation. An ambitious project, Sophomation aims at complete "transparency" so that any make or terminal or equipment, regardless of location, can be connected to any other.

The exchanges now being announced form the switching nodes in the recently announced Lloyds Bank International system which the bank is using to connect up its world-wide office network. Known as Sopho S, the switching systems are being

called "integrated business communications systems" by Philips. They are essentially digital switches, akin to a private automatic branch exchange (PABX), which will work over existing pair telephone lines and can be configured to meet any company's requirements with precision.

The first release of Sopho S is the model S2500, which can deal with 2,500 extensions, or up to 20,000 in multi-node systems. Later, smaller units will be offered with capacities down to 100 extensions (during 1986).

Sopho S2500 handles data and voice simultaneously over the same twisted pair telephone line and provides 64 kilobits/sec for voice and the same capacity for data.

The equipment follows the CCITT recommended "2B+D" standard (two information chan-

nels at 64kb/s plus two 8kb/s control channels). It is compatible with the ISDN (integrated services digital network) systems now being planned by telecommunications authorities in Europe.

The Sopho system is able to deal with computer data, text, image (facsimile) and voice. Protocol and speed conversion is carried out automatically so that different makes of equipment can be interconnected.

Says Mr Dick Kniver, Philips' director for business communications systems: "Connecting different makes and types of equipment into a single integrated network protect the existing equipment."

Philips will tailor systems for voice and data, data only, voice only or any other combination, and will supply appropriate terminals. Philips in Hilversum is on 010 3135 89111.

NOTICE OF REDEMPTION

To The Holders of Amoco (U.K.) Exploration Company

12 1/2% Debentures due 1988

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of Article 5 of the indenture dated as of January 15, 1981 between Amoco (U.K.) Exploration Company and The Chase Manhattan Bank (National Association), as Trustee, all of the above-mentioned Debentures (the "Debentures") will be redeemed on March 29, 1985 (the "Redemption Date") at the price of 101% of their principal amount, plus accrued interest to the Redemption Date (the "Redemption Price"). Interest on the Debentures shall cease to accrue from and after the Redemption Date.

Payment of the Redemption Price will be made upon presentation and surrender of the Debentures, together with all appurtenant coupons maturing subsequent to the Redemption Date, at any of the following paying agencies:

The Chase Manhattan Bank, S.A. Luxembourg Branch, 200 Boulevard de la Woluwe, L-1200 Luxembourg, Luxembourg.

The Chase Manhattan Bank, N.A. London Branch, Wood Quay, Coleman Street, London, EC2P 2AD, England.

The Chase Manhattan Bank, N.A. Corporate Bond Redemption, 1 New York Plaza, 44th Floor, New York, N.Y. 10011.

Banque De Commerce, S.A. Swiss Office, 1902 Avenue des Arts, B-1048 Brussels, Belgium.

Coupons which shall have matured prior to the Redemption Date should be detached, presented and surrendered for payment in the usual manner.

AMOCO (U.K.) EXPLORATION COMPANY
By: The Chase Manhattan Bank (National Association), as Trustee
Dated: February 28, 1985

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CEO VOLVO

هكذا من الشغل

UK NEWS

Mineworkers may seek to reopen pay talks

BY JOHN LLOYD, INDUSTRIAL EDITOR

FURTHER SPLITS between the National Union of Mineworkers (NUM) and its Nottinghamshire, South Derbyshire and Leicestershire area emerged yesterday as senior NUM leaders prepared to recommend an approach to the National Coal Board to reopen negotiations on the 5.2 per cent pay offer which has been outstanding over the past 18 months.

Mr Henry Richardson, the Nottinghamshire area secretary, said the area executive last week for his support of the strike in a solidly anti-strike area, won an injunction restraining the executive from dismissing him.

The order, which will remain in force until a full hearing of Richardson's challenge to the legality of the sacking, was made against Mr Roy Lynk, the acting area secretary, Mr David Prendergast, an

area official and Mr John Allen and John Allsopp, members of the executive.

Mr Richardson said after the hearing that his dismissal was a "purely vindictive act." He said: "I have evidence to show they intended to do it, whatever happened."

The Nottingham executive will today meet the executives of the Leicestershire and South Derbyshire areas to discuss a range of issues - all of which relate to their opposition to the national executive's policy.

Mr Lynk said last night that they would discuss the ballot vote proposed on the 50p levy on all NUM members to support the miners' sacking for various offences during the strike. He said there was "strong feeling against subsidising men

who had intimidated working miners."

A meeting of the NUM side of the joint negotiating committee - the body which normally negotiates with the NCB - met in Sheffield yesterday and agreed to recommend to the national executive that it approach the NCB for fresh wage talks soon. The next scheduled meeting of the executive is on March 28, but it may be brought forward to next week.

However, the Board's position remains that it will not negotiate until normal working is resumed - which means an end to the overtime ban. The NCB's Scottish area confirmed that more than 180 miners sacked for various offences would not be reinstated - in spite of comments by two Scots police chiefs that a reconsideration of their cases would ease tension in the coalfield.

Spur for Japanese licensing contracts

JAPANESE manufacturers are being encouraged to enter into licensing agreements with British companies in a move towards creating the substantial trade imbalance between the UK and Japan.

The British Department of Trade and Industry, MITI, agree that such co-operation could be extended to benefit both countries.

□ AIRSHIP INDUSTRIES, the UK-based but largely Australian-owned airship manufacturer, is planning to use its Skyship 500 and other craft next winter for aerial advertising in the UK and elsewhere.

Aerial advertising was legalised in the UK last year, but the Skyship 500 became the first airship to fly over London advertising Swan Lager. Swan Brewery's parent company is Bond Corporation Holdings of Australia, which also owns 81.4 per cent of Airship Industries.

□ CAR TRAFFIC in Britain was 5 per cent higher last year than in 1983, Department of Transport figures show. Motor traffic overall was 4 per cent up and heavy and light goods traffic each up 4 per cent, while bus traffic rose by 1 per cent. Bicycle and motorcycle traffic fell by 2 per cent and 5 per cent respectively. Motorway traffic increased by 12 per cent and accounts for more than 12 per cent of all road traffic.

□ THE MERGER of the engineering steel businesses of British Steel Corporation and Guest Keen and Nettlefolds under the long discussed Phoenix 2 project is likely to go ahead this year, Sir Trevor Holdsworth, GKN's chairman, said. "BSC and ourselves are at one," he said. The two groups were waiting for a final government decision. The idea behind the project is to modernise and slim down capacity in the sector, in which there is an estimated 30 per cent over-capacity.

□ PROSPECTS for a rescue of Readheads, the South Shields ship repair yard, look bleak after a rejection by Mr Norman Lamont, Minister of State for Industry, of any hope of government financial aid. Mr Lamont, who a year ago praised Readheads as an example of how privatisation could be made to work, could only suggest that his department should help to find a buyer for the yard.

□ THE WELSH Development Agency has awarded a £2.3m contract to Fairclough Building for the construction of its 'Techbase' complex for new-technology businesses at Cleppa Park, Newport, South Wales, near the M4 motorway.

The project, to be completed in 45 weeks, consists of one two-storey and two single-storey blocks in a campus, with provisions for such features as clean rooms and telecommunications circuits.

□ CRIME in England and Wales is rising, with robberies, killings and violent assaults on the increase, while police are clearing up fewer cases. Home Office figures show that reported crime rose by 8 per cent last year, while the number of offences cleared up by police was 12m: 35 per cent of the total, against 37 per cent in 1983. The number of offences directly connected with the miners' strike was very small, but robberies in the coalfield areas increased well above the national average.

□ TWO leading aluminium extruders have notified their customers of a 1 per cent price increase next month. Century Aluminium, a subsidiary of Amari, is raising its prices on April 1 and British Alcan Aluminium, the market leader, on April 9.

Aluminium extruders are used in applications, including window frames, sailboat masts, radiators and for making many industrial components.

□ A RECORD £289,500 was paid for a John Wootton painting at a Sotheby's auction.

A private English collector bought the picture of a bay rearing in the sale of British paintings, which made £1.5m overall. John Constable also featured in the sale with a portrait of the Lambert children with a pet donkey, which sold to another English collector for £242,000, and a small oil sketch for "Flatford Mill," which sold for £121,000.

□ INDUSTRIAL Cleaning Papers (ICP), a leading UK supplier of soft tissue products, is establishing a £1.5m paper converting factory and warehouse complex at Penryn, Gwynedd, North Wales. ICP, based at Church Street, Shropshire, has been importing some 2,300 tonnes of converted paper products annually from the Fiskeby subsidiary of the Swedish KF group, for whom it has sole UK and Ireland distribution rights.

MARKET CHANGES HASTEN CORPORATION'S DEMISE

The sudden passing of BNOC

BY IAN HARGREAVES

BNOC IS dead. Long live Gopa. Somehow the Government Oil and Pipeline Agency does not have quite the same ring as the untidy acronym of the British National Oil Corporation, which has never been long out of the headlines since its creation by a Labour Government in 1978.

Although the end for BNOC came suddenly and without warning yesterday - officials of the corporation were given the news only yesterday morning - its death warrant was written last summer when the Government tried to use it to shore up prices in an oversupplied market, if not four years ago when the Thatcher Government decided to have off BNOC's oil production interests in the flotation of Britoil.

BNOC was created in the days when the British Government was still learning about the oil business and suspicious of the activities of foreign oil companies. The Government was also conscious of the pattern that had emerged in other oil-producing countries, including members of the Organisation of Petroleum Exporting Countries (Opec): that of strong national oil companies determining the rate at which a national asset would be exploited.

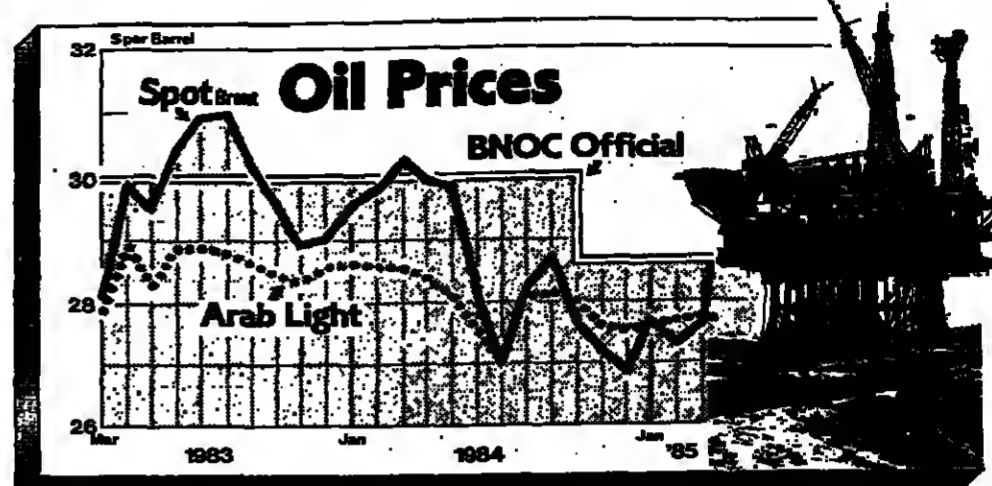
The election of the Thatcher Government in 1979, however, on a platform of privatising state industry, made BNOC a certain early candidate for disposal.

There was an argument about whether the thing should be sold in its entirety, keeping BNOC's trading and marketing functions, but in the end Britoil was launched into the market, bearing the widest spread of North Sea acreage of any company in the business.

As it happens, the Britoil flotation was a flop and since then its shares have struggled to match the price at which the Government sold them - a victim of doubts about the company's management, its over-exposure to a high-cost production base and worries about the future of the Government's remaining 49 per cent stake in the company.

After the flotation, BNOC was left primarily as an oil trader - one of the biggest in the world. With the right to buy 51 per cent of all the oil produced in the North Sea, plus a management contract to sell royalty oil due to the Government, it had nominal access to 1.3m b/d of oil.

In its early days, up to the spring of 1983, BNOC established a good



reputation as a canny operator in what was then a volatile but rising spot oil market after the Iranian revolution.

It soon became obvious, however, that running BNOC in a falling market was more difficult than running it in a rising market. Each quarter BNOC had to set prices, on the principle of "willing buyer, willing seller" both to its North Sea suppliers and to its customers - a wide range of refiners in Europe and the U.S.

That quarterly BNOC price became as much of a totem - and as much part of the international diplomacy of Opec - as Opec's own marker crude. As free market prices fell, the world's attention switched between Opec ministerial meetings of increasing frequency and the less public operations of BNOC and the UK Government, to try to guess in which direction the official powers would nudge the market.

Those pressures started to come to a head last summer. An Opec meeting in Geneva acted indecisively in the face of Opec production above the organisation's official production ceiling and the market was then further jolted by news that Saudi Arabia had undertaken a large oil-for-jets barter deal with Boeing, further adding to worries about oversupply.

In the spot market, the price of Brent Blend, the main North Sea crude, started to slide away from the \$30-a-barrel set in March 1983. In July, Mr Alick Buchanan-Smith, the Energy Minister, wrote to oil companies in an unprecedentedly

open attempt to persuade them to help to shore up the price of oil. At the same time, an internal review of the future of BNOC, commissioned by Mr Nigel Lawson before he left the Energy Department to become Chancellor of the Exchequer after the May 1983 general election, landed on ministers' desks. Some of the civil servants who had worked on it had already concluded that BNOC was a useless tool in an oil glut. The Government was not ready for such a radical move, and Mr Peter Walker, the Energy Secretary, told the House of Commons that BNOC had been given a clean bill of health.

For a few weeks, it looked as if King Canute's words had been heeded. The spot market rallied briefly and ministers started to express in public the view to which they have adhered until the end of last week: that BNOC was capable of influencing the pace of change in oil prices, if not the actual direction. The spot market rally was short-lived. By October, the spot price of Brent was approaching \$27 and BNOC followed a Norwegian lead in cutting official prices - taking the BNOC Brent price to \$28.65.

BNOC, with the backing of some oil companies, also at this point started to propose to the Government a switch from quarterly official prices to a more flexible, spot-related pricing system. The organisation could see that as its customers left, its very fabric was disintegrating. All went quiet over Christmas as Opec, which had threatened Britain with a price war if it undercut Opec

prices, went into two crisis sessions in Geneva. Those did not end until late January, when the 'organisation' based a reconstructed oil price system pointedly around the empty \$28.65 BNOC price - throwing down the gauntlet to Whitehall.

Hounded by the Commons Energy Committee about the political propriety of demanding public funds, in effect, to pay a premium price to highly profitable oil companies, ministers began to look as if they were preparing for retreat behind a carefully constructed stone-walling approach in public.

So it has turned out to be. The argument is that with spot prices now relatively, if perhaps briefly, strong after two months of cold weather and Opec discipline of production, there is unlikely to be a better moment for the British Government to get out of the business of trying to influence world oil prices. The important point, though, is that ministers, after the efforts - some would say the follies - of last summer and autumn, were ready to agree with the judgment that BNOC had become a busted flush.

A number of questions remain unanswered. The oil industry wants to know about the practicalities of scrapping the participation agreements that entitle BNOC to 51 per cent of the oil.

Few in the industry will mourn BNOC's passing. Indeed, the strongest argument for keeping it was that the Government needed its expertise to police the sophisticatedness of the international oil companies. That task now will fall to Gopa.

Union may have to apologise

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

MR ARTHUR SCARBILL, president of the National Union of Mineworkers (NUM), would be unwise to assume that the success of the NUM's South Wales area in getting back sequestered funds without an apology from its leaders for breaking court orders is an indication that the national union could end its sequestration problems in the same way.

It is extremely unusual for the High Court to agree that a contempt of court has been cleared without an apology. Mr Justice Scott's decision in the South Wales case, and his view that an apology was not necessary is in no way binding on other judges.

It is important to note that he praised his decision to forego an apology with the words, "in the circumstances."

Those circumstances included the fact that South Wales had obeyed the court since sequestration had been ordered.

The sequestration, the judge said, had served its purpose of securing South Wales' obedience.

The circumstances in the NUM sequestration are very different. The union's leaders have always maintained that, no matter what the courts may have said, they have always acted lawfully and in accordance with the union's rules.

Right up to the end of the strike they continued to treat it as official, in spite of court orders not to do so.

The union has attempted to thwart sequestration, first by transferring most of its funds abroad and then by fighting the sequestrators' moves to get the money back to the UK.

There is still no indication that sequestration has achieved its purpose of securing the NUM's obedience, and any move to end it would be likely to be met with charges by the sequestrators that the contempt was continuing.

Nor is sequestration the only obstacle to the union regaining control of its funds. Even if it were able to end the sequestration (with or without an apology) the funds would still be under the control of the receiver, and

would remain so until the court was satisfied that the union could produce "fit and proper persons" as trustees to replace the receiver.

The working miners who instigated both sequestration and receivership are not likely to agree to the union's leaders getting back into the financial saddle without some clear indication of a change of attitude.

Mr Justice Nicholls, who ordered the sequestration, said that the NUM was in clear contempt, not only of two of his own orders, but also those made by four other High Court judges.

He spoke of the union's "willful and repeated disobedience," of its "resolute defiance" and its view that "the law... is applicable to others and not to itself." He might well feel - in the circumstances - that it would not be enough for the NUM simply to say "please may we have our money back."

Being in love may mean not having to say you are sorry; being in contempt is usually regarded somewhat differently.

John Lloyd reports on a new tempo in the coalfields

MacGregor ideas bring tougher management to the pits

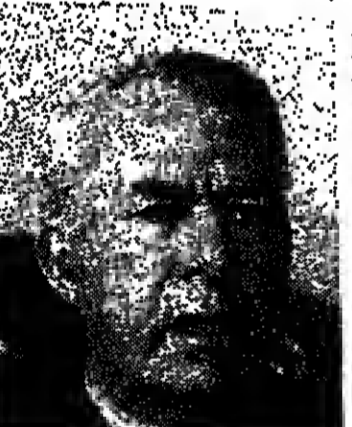
THE INTENTION of the National Coal Board to reassert firmer control over its mineworkers - than it had had before the strike - is now obvious everywhere: a new tempo and style is emerging in pit after pit, area after area; and the managerial ideas of Mr Ian MacGregor, the NCB chairman, are now percolating through to local level.

The imposition of the management style differs; but some factors appear common to most parts of the country. Branch officials of the National Union of Mineworkers (NUM) are often finding that their union work, once virtually or actually full time jobs, is being restricted; that they are consulted little, if at all, on such issues as shift patterns on which they had expected to have an important say, and that many "custom and practice" agreements have gone.

In some cases - as in North Derbyshire - tight control appears to have stopped the widely anticipated incidents of violence between miners who went back to work early, and those who stayed out the strike to the last. Elsewhere, however - as in Kent, parts of Scotland, South Wales and Yorkshire - violence has occurred, typically directed by "striking" against "working" miners.

Mr Paul Watson, the only NUM member to go to work at the only phurnace plant, in Aberdeen, has complained of intimidation and abuse since the strike ended. Last Friday, his wife was almost hit by a lump of concrete while returning from driving him to work. The NCB yesterday suspended five men from work at the plant for allegedly pouring oil over him as he showered after his shift.

In South Wales - perhaps because of the high feeling and the relative solidarity of the union - pit



Ian MacGregor: changes percolating to local level

managements have been faced with relatively few problems which are now causing ructions in other areas. It is where a substantial number of miners returned early, and are now joined by a minority of strikers, that tension is most pronounced.

In Durham, Mr Ross Forbes, an area union official, says that pits such as Easington are experiencing few problems. However, at such pits as Vane Tempest, Westoe and the Hawthorn Complex, he says that management is taking advantage of its strength to impose a less consultative style, to change shift times and to cut back on union activity.

In North Derbyshire, Mr John Burrows, the area treasurer, says that consultation is less than it was yesterday suspended five men from work at the plant for allegedly pouring oil over him as he showered after his shift.

In South Wales - perhaps because of the high feeling and the relative solidarity of the union - pit

In particular, Mr Mosses has made it clear that he will not deal with representatives of the working miners, preferring to wait until the branch officials - all of whom remained on strike to the end - returned to take up their functions once more.

This has prevented the "double representation" problem which often arises - as Kent - are reporting. However, at local level the new management style can shock old assumptions. Mr Dave Crowther, a leading activist at the Warsop pit, says that the new aggressive posture first hit home when Mr Peter Godwin, his manager, walked into a union committee meeting in the union office and began a conversation with one of those attending - "something he would never have done in the old days."

An important worry for the union officials is the fact that they have lost control of the "contracts" for sections of face work - deals on bonus payments which in the past were struck between managers and the NUM.

During the strike, however, individual "contracts" were struck. Under these, the bonuses agreed were not paid into the overall bonus rate paid to faceworkers in the area, on which the surface worker bonus was calculated. This, has depressed the level of relative earnings of surface workers, widening the gap between them and face workers - exactly what the NCB hoped would happen so that face workers would be more highly rewarded.

Mr Burrows, however, is optimistic. "It's a swing of the pendulum and the pendulum has swung towards the management. But it's already begun to swing back. Nothing is forever."

Heath tells of 'unkindest cut'

BY MARGARET VAN HATTEN

IT WAS Margaret Thatcher's champagne celebrations after ousting him from the party leadership that proved the unkindest cut of all, former Tory leader and Prime Minister Edward Heath confesses in a television profile to be shown on Saturday.

"I really do not think that is a relationship between colleagues," Mr Heath says. "It is something which Reggie Maudling and Enoch Powell and I would never have dreamt of for a moment. No, it is an indication of the different attitude, right from the very beginning."

Mr Heath admits he was also wounded by Mrs Thatcher's deci-

sion to challenge him without letting him know, and by the campaign she had conducted against him, with her supporters saying things that were "grossly untrue and completely unfair" in a "behind-the-scenes" media campaign.

"You can say I was simple, and was taken unawares, and I ought to have realised all these things," he goes on. "But I am afraid I had standards, having worked with colleagues for four years."

It was those standards, he suggests, that produced a loyalty within his own administration sadly lacking in that of his successor.

Mr Heath denies that he himself has been disloyal. "Loyalty is very important, but you have to decide what it is loyalty to. I think it is very important to be loyal to one's principles and to be loyal to what one understands to be the party's principles and policies as well. If those who are leading the party, or in positions of power in the party, or members of the Government depart from that, one is perfectly entitled to criticise them."

He also emphatically denies that his critical attitude to the Government stems from pique at having been defeated. "If I had really wanted to cause trouble, then we would have had much more fun."

LABOUR PARTY ANNUAL CONFERENCE TURN LEFT

CONSERVATIVE PARTY ANNUAL CONFERENCE TURN RIGHT



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Fees may be levied on radio frequencies

By Raymond Snoddy

THE GOVERNMENT is studying whether commercial fees should be charged for the use of radio frequencies.

Mr Geoffrey Pattie, Information Technology Minister, has asked CSP International, management consultants specialising in telecommunications, to carry out a feasibility study on pricing the radio spectrum.

The first part of the study, which will take six months, will look at all forms of radio communication between fixed points such as microwave towers.

The main organisations affected by this stage of the study will be British Telecom and Mercury Communications, the BBC and the Independent Broadcasting Authority. Industrial companies such as BT, use fixed-link radio communications as do both the police and the military.

The Government is interested in commercialising the radio spectrum as a means of raising revenue and of allocating a scarce resource more efficiently.

A second part of the study will consider all other areas of spectrum use, including private mobile radio, broadcasting, citizens band (CB) radio, emergency services and other specialised needs.

Mr Pattie says the Government wants the whole issue to be investigated for two main reasons.

He said: "The first is whether there are any benefits to be had from bringing market forces and the price mechanism to the area of spectrum management. The second is whether this is technically and administratively feasible within a regulatory framework."

The Government points out that demand for the radio spectrum is growing rapidly because of new services such as radio pagers and cellular radio telephones. In some cases demand is exceeding supply.

The Merriman report into the use of the radio spectrum said it was a good idea to make people more aware of the value of the resource they were using.

The report added, however, that it might be impractical to create a free market in the spectrum because of international regulation and the extensive government use of radio frequencies, particularly by the Ministry of Defence.

Independent television companies (ITV) may emerge practically unscathed from a Government inquiry into how ITV is taxed and the effects of special taxes on efficiency.

A Home Office/Treasury committee, it is believed, will recommend to ministers only a modest change in the existing system.

Government may face legal action over drug cuts

By TONY JACKSON

ABOUT 20 pharmaceutical companies in the UK are contemplating legal action against the Government over proposed restrictions in the list of drugs which can be prescribed under the National Health Service (NHS).

The Association of the British Pharmaceutical Industry (ABPI) said: "A number of our companies are taking legal opinions on possible discrimination in terms both of UK and EEC law."

The controversial restricted list of drugs, which aims to cut up to £75m from NHS costs, is to be debated in Parliament next Monday. The proposals have met with a hostile reception from the drug industry, the medical profession and some opposition MPs.

The ABPI argues that the way in which some branded drugs have been blacklisted, while other equivalent drugs have not, could be in breach of the Treaty of Rome. The Department of Health and Social Security (DHSS) yesterday confirmed that it had received a letter from the European Commission on the topic, but refused to give details on grounds of confidentiality.

It appears, however, that the letter touched on Article 30 of the Treaty, which forbids measures which might have a distorting effect on trade.

The association said that there were inconsistencies and inaccuracies in the new restricted list of drugs. It thought that this showed evidence of undue haste on the part of the DHSS. In particular, it was claimed, there were unexplained discrepancies between the lists for Scotland and for England and Wales.

MPs will be asked to vote on Monday on legislation which is admitted to be flawed," the ABPI said.

The association also claimed that the limited list proposals were part of a general attempt by the Government to privatise community health care, along with recent measures such as the deregulation of opticians and the increases in dental and other health prescription charges.

Government simplifies small-company aid

By WILLIAM DAWKINS

THE GOVERNMENT will announce by the beginning of next month a far-reaching shake-up of an assortment of schemes to help small businesses.

It will condense and simplify the 64 schemes handled by the Department of Trade and Industry (DTI) into four packages, covering investment, innovation, exports and advice.

The move has taken 18 months to prepare and has been co-ordinated by Mr David Trippier, the small firms' minister, who describes it as an attempt to create a more "user friendly" service.

The DTI will be publishing a simplified application form for the small business schemes under its control, in line with the Government's policy of cutting bureaucracy. There will be seven regional inquiry points operating through the existing Small Firms Service (SFS), which itself is undergoing a shake-up to enable it to give more specialist advice.

The SFS's counselling service has doubled in size since Mr Trippier took office in June 1983, so that it now numbers just over 280 small company advisers. They have tended to offer broad theoretical advice, but from now on will increasingly concentrate on practical specialist areas such as finance, marketing or production.

In a separate move Mr Trippier plans to visit Washington and California in July to meet small firms' organisations and study local venture capital markets. This follows the recent visit to Washington by Mrs Margaret Thatcher, Prime Minister. She was said to be impressed by the contribution of small businesses in the provision of jobs.

Mr Trippier shares Mrs Thatcher's eagerness to learn from the U.S. experience and is planning to visit the Small Business Administration in Washington and the Brookings Institute statistical centre, which has advised the U.S. Government on small business policy.

The DTI's initiatives are separate from those at present being drawn up by an inter-departmental scrutiny committee which expects to make public shortly its proposals for cutting the government bureaucracy experienced by small companies.

That is likely to be followed in mid-April by the conclusions of a working party into cultivating the growth of small businesses. This group is chaired by Lord Young, minister with special responsibility for job creation.

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Ministry urged to insure satellites

By Peter Marsh

A GROUP of City of London financial organisations is trying to persuade the Government to break with precedent and insure against loss or damage two Ministry of Defence (MoD) satellites due to enter orbit next year.

One possibility being discussed is that a private company might take the legal ownership of the satellites, to be used for military communications, and lease the vehicles back to the MoD.

The London organisations believe that this would enable the private company to arrange the insurance, permitting the Government to maintain its general policy of not insuring property or equipment owned by the taxpayer.

MoD officials with which the London group has discussed the idea have been lukewarm about the suggestion of insurance.

The organisations have been formally rebuffed in a letter from Mr Adam Butler, the junior minister responsible for defence procurement, who said he could see no convincing reason for insuring the spacecraft, members of the SkyNet series.

The London group, including insurance brokers Jardine Glynne and Willis Faber and Dumas, argues that insurance would safeguard the interests of the taxpayer in allowing for a re-launch of a new satellite should either of the SkyNet craft fail to enter the correct orbit.

According to Mr Mark Raggett, an insurance broker with Jardine Glynne, the group plans to present its case to Mr Michael Heseltine, the Defence Secretary, in the next few weeks.

The cost of building the two satellites and placing them in orbit is about £20m. To insure the craft at current market rates would cost £22m-£23m.

The vehicles are to be launched on separate flights by U.S. space shuttles, which over the past couple of years have had a patchy record at putting satellites into the correct orbit.

If the satellites were to be formally operated by a private company, the financial organisations say they could arrange a leasing deal for the Government.

That would provide for payments for operating the craft to be phased over several years, so easing the strain on public finances.

Under Treasury guidelines, the Government rarely insures any of its property, arguing that the cost of premiums would be greater than that of replacing damaged or destroyed equipment or buildings.

The MoD does, however, arrange third-party insurance to cover loss or damage caused by staff cars, tanks that use public roads and aircraft that take part in flying displays.

Mr Raggett said the London group wanted to give the Government a chance to operate its satellite policy taking account of conventional commercial realities.

"Britain is not so big that it can afford to run the risk of the satellites dropping out of the sky without taking proper provision to replace them."

The extent of the landslide has also brought in as MPs people who never expected to be members and who have in quite a few cases flourished. An experienced lawyer such as Mr Michael Howard or a clever diplomat such as Mr George Walden stand out as exceptions.

The changes on the Labour side have been different, reflecting the impact of the problems many MPs have faced in re-election as parliamentary candidates by their local parties. This has been coupled with a suspicion of metropolitan connections which have been associated, with some justice, with many of the 1981 defections from Labour to the SDP.

Several new Labour MPs with such a local background have admittedly made a contribution to important debates. They include Mr Derek Fethett and Mr Kevin Barron, as well as more conventional members with professional backgrounds such as Mr Tony Blair, Mr Gordon Brown, Mr John Marek and Mr Mark Fisher.

Paradoxically, the MPs with theoretically the best qualifications for Westminster, the eight members who previously served in the European Assembly at Strasbourg, have been among those making the least impact, often being rather verbose. On the Labour side only Mrs Ann Clwyd, has made a mark, as a persistent questioner, while among the Tory ex-MEPs, only Mr Robert Jackson crops up in talk about possible candidates for promotion.

Scrap metal industry resists the call for curbs on exports

AFTER a year in which UK ferrous scrap prices have soared, there was more than a sprinkling of new Jaguars and Rolls-Royces outside this week's Mid-West Scrap Association meeting at an hotel near Birmingham, in the West Midlands.

Although officials denied that excessive profits had been made recently, high prices and rapidly increasing exports have certainly helped. "It's been a year of plenty after the famine," said Mr Tony Bird, the association's president.

The price of ferrous scrap has almost trebled in the past two years to about £28 a tonne for top quality material, much to the discomfort of the British Steel Corporation (BSC) and other users, such as foundries.

In an effort to contain costs, BSC has called on the Government to impose restrictions on the export of scrap - a move which is being strongly opposed by the British Scrap Federation and its members.

It is argued that such a measure would soon prove damaging to BSC since it would reduce the collection of scrap in Britain and lead to even higher prices and possibly shortages.

It is also pointed out that the UK scrap industry earned £200m in foreign currency last year from exports of 4.3m tonnes, and more than £100m was invested in new handling and processing equipment.

One of the main reasons for the rise in the price of scrap, according to Mr Bird, has been the strength of the dollar, since the U.S. is the world's largest exporter and dominates the market in what is an internationally traded commodity.

European steelmakers, it is claimed, are paying about 15 per cent more than UK consumers for their scrap, and are not suffering unduly as a result. Moreover, their scrap industries are said to be supported by subsidies.

Another argument being used against export restrictions - which were first imposed in 1939 as a war measure and only lifted about seven years ago - is that the UK scrap industry can consume only about half the 10m tonnes of scrap recovered in Britain each year.

"We were forced into a major re-planting programme," said Bird, "and many obsolete facilities to be replaced and unsuitable. We have since invested a great deal in modernising these facilities, helped by the British Transport Docks Board."

A total ban on exports of scrap would be the only way to achieve a drop in prices, but Bird pointed out that this would hit the UK harder than other member countries, since 70 per cent of British scrap exports originated in Britain.

Some of these arguments are accepted by BSC and the British steel industry, but it is now believed that handling and processing costs will gradually reduce scrap prices.

Mr Bob Scholey, chief executive of BSC, told the meeting he believed that prices were past their peak, a view shared by Mr Bird, the end of the miners' strike had helped in two ways - first by its effect on sterling, and second by reflecting the flow of scrap from the mines at the rate of about 250,000 tonnes a year.

The warmer weather is also expected to reduce transport costs from North America, and there is, in any case, a seasonal fall in prices at this time of the year. Any reduction in the dollar's value would have a similar effect.

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After a year of high profits fed by expanding overseas markets, Lorne Barling finds the UK scrap industry unsympathetic to British Steel's case for restraint on exports.

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Another argument being used against export restrictions -

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The London branch now offer an interesting career opportunity to an experienced dealer with sound in depth experience of the money markets including financial futures, cd's and other market instruments. The candidate will join an established high quality team and prospects are excellent.

Candidates will require a sound track record gained with trading rooms recognised for their expertise and activity in the market. We envisage the appointee as having a minimum of 3 years experience and who seeks sound career prospects.

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CAPITAL MARKETS SUBSIDIARY OF MAJOR INTERNATIONAL BANK.

Our client, a major force in international finance with a substantial banking presence in London and other world financial centres, seeks the treasurer for its Capital Markets subsidiary.

Candidates should have some experience in developing and managing a small team of highly motivated money market and foreign currency deposit professionals.

This is an outstanding career opportunity for someone with at least six years' domestic and foreign currency trading experience, substantial exposure to new financial instruments, good accounting skills and a track record of successful development and implementation of treasury management techniques.

Salary and fringe benefits will fully reflect the importance attached to the position. Applications, in strict confidence, under reference TCM16504/FT will be forwarded unopened to our client unless you list companies to which they should not be sent in a covering letter marked for the attention of the Security Manager.

CAMPBELL-JOHNSTON RECRUITMENT ADVERTISING LIMITED, 35 NEW BROAD STREET, LONDON EC2M 1NH.

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CORPORATE FINANCE EXECUTIVE - BANKING

£14,000 - £18,000

FAST DEVELOPING MERCHANT BANKING ARM OF SUBSTANTIAL INTERNATIONAL FINANCIAL SERVICES GROUP.

For this demanding new appointment, the result of expansion, we seek recently qualified Chartered Accountants or Solicitors, aged 23-27. A broad professional training in a leading international firm specialising in the corporate field is essential and experience which relates to corporate finance activities or investigations will be a definite asset. Working within the Corporate Finance Group, the successful candidate will be involved immediately in all aspects of the work of a busy department, including, inter-alia, take-overs, mergers, acquisitions and new issues and will be encouraged, at an early stage, to play an increasing role with growing responsibilities. Total commitment is necessary together with communication skills, financial judgement plus the ability to make a full contribution with the minimum of direction and supervision in a fast-moving, high pressure environment. Initial salary negotiable £14,000 - £18,000, mortgage subsidy, non-contributory pension, free life assurance and private health benefits. Applications in strict confidence under reference CFE4322/FT to the Managing Director.

CAMPBELL-JOHNSTON ASSOCIATES (MANAGEMENT RECRUITMENT CONSULTANTS) LIMITED,
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*Please only contact us if you are applying for one of the above positions.

Private Banking Professional

Use your entrepreneurial drive in the
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Our client is one of the world's major financial institutions, whose comprehensive range of superior banking services is second to none. Their successful track record in the introduction of innovative financial products with the UK is already most impressive. However, in recognition of the considerable potential in the domestic private banking markets, they seek to appoint a highly capable individual to create and lead a new and enterprising management team.

You will be operating in a key advisory role, selling a wide range of investments and other financial services to clients in the UK. Therefore, you will need to possess at least 10 years' broadly based experience with British clients and the ability to translate goals and strategy into business results.

A thorough knowledge of investment as well as banking services is essential. You will also need the poise,

confidence and maturity expected of an influential figure playing a major role in the further controlled growth of our client's activities.

Individuals of sufficient calibre and experience are most likely to be occupying senior positions within the private banking, merchant banking or investment communities. In order to attract the best, our client is offering an excellent remuneration package including a highly attractive salary, company car, mortgage subsidy and generous banking concessions. Prospects of further career developments are equally outstanding.

Please write, enclosing a full cv, to Richard Wilding at Moxon Dolphin & Kerby Ltd, 178-202 Great Portland Street, London W1N 5TB,

quoting ref 4241. Please state in a covering letter any companies to whom you do not wish your application sent.

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This opportunity would suit someone entrepreneurial, disenchanted with a large company, who wants to run their own business within a banking/related financial services group and would like an attractive package related to profit.

Please write or ring Anthony Falcon, quoting ref. 421A.

COURTENAY STEWART INTERNATIONAL LTD.
Management Selection and Recruitment Consultants,
11 Maddox Street, London W1R 9LE. Tel: 01-491 4014.

Japanese Bond Trader

The investment banking subsidiary of a prime New York bank is currently expanding its bond trading activities and wishes to appoint an experienced trader at Director level, to be based in London. Candidates must have:-

- ★ Minimum 5 years' trading experience
- ★ Knowledge of Japanese securities
- ★ Strong technical skills
- ★ Fluency in Japanese and English
- ★ Ability to develop an expanding professional team

The remuneration package will include a substantial bonus and is negotiable, depending on experience. Applicants with the drive to succeed in this demanding role should contact Chris Smith on 01-404 5751 or write to him, enclosing a detailed curriculum vitae, at the Banking and Finance Division, 23 Southampton Place, London WC1A 2BP, quoting ref. 3480.



Michael Page Partnership
International Recruitment Consultants
London New York Bristol
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CAPEL-CURE MYERS ECONOMISTS

In conjunction with Grindlays Bank Capital Markets Group, we are expanding our Economics Department to encompass international bond market research, in addition to the full Stockbroking coverage that we currently provide. We are looking for two young economists to join our team, specialising in coverage of the major overseas economies and bond markets and currency forecasting. The ideal candidates will have an excellent academic record in Economics, followed by two or three years' relevant experience. The ability to speak and write clearly, to work flexibly and to tight deadlines, is essential. These posts offer splendid opportunities for the young, ambitious, highly-motivated economist. Remuneration will be highly competitive.

Please telephone, or send career details to:

Roger Bootle, Chief Economist
CAPEL-CURE MYERS
Bath House, Holborn Viaduct, London EC1A 2EU
Tel: 01-236 5080

Senior Financial Analyst Project Appraisal

LONDON up to £21,228
British Gas wishes to appoint a Senior Financial Analyst to work within a small team responsible for the financial appraisal of capital expenditure proposals and of other major plans and policies. The successful applicant will join a multi-disciplined group in the Finance Division at British Gas Headquarters in Farnborough. He or she will have a professional qualification (not necessarily in accountancy) or a degree in a numerate discipline, and will have substantial experience of capital project appraisal probably in a large company.

Starting salary will be in the range £18,824-£21,228. Benefits are those normally associated with a large and progressive organisation. Please apply quoting ref. F/00076/004, to: Assistant Personnel Manager (HQ Services), British Gas, 59 Bryanston Street, London W1A 2AZ.

BRITISH GAS

INTERNATIONAL BOND DEALER

Laurie, Milbank & Co. are seeking to appoint a Dealer in Eurobonds, Foreign Bonds and Foreign Exchange to join their successful and expanding International Department.

The applicant should ideally have a degree or at least good A-levels, be numerate, have previous experience in international dealing and be in the age range 20 to 25.

Please write in confidence to Tim Summers giving full details.



Laurie, Milbank & Co.
Portland House, 72/73 Basinghall Street, London EC2V 5DP.

INBUCON

Senior Fund Manager

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A leading merchant bank and a member of the Accepting Houses Committee seeks a Senior Fund Manager to join their Investment Department in the City. The position reports to an Executive Director, who will be looking for graduates and/or professionally qualified people who are impressive, personable and enthusiastic, with initiative and strong potential.

Ideal candidates, male or female and aged between 30 and 40 should have had several years of sound investment experience, with a financial institution or stockbroker, in the management of private client, pension fund and other portfolios.

The remuneration package to be negotiated will be competitive and include bonus, pension scheme and health insurance.

Please write with full career details quoting reference 4076 to A.G.N. Burden

INBUCON MANAGEMENT CONSULTANTS LIMITED
Executive Search and Selection
Knightsbridge House, 197 Knightsbridge, London SW7 1RN.

COMMERCIAL MANAGER

c. £18,000 + car Croydon

Bowater Containers Limited is a large subsidiary of Bowater Industries plc. The Company has a regional structure and the position based in Croydon forms part of the senior management team that controls the South East businesses.

The role is an enhanced controllership and whilst being able to manage a sizeable and already effective accounting function, he/she will be expected to make a significant contribution to the profitable success of the business.

Working closely with the Regional Director, to whom the position reports, the Commercial Manager will be a prime mover in providing financial and business analysis which is key to the longer term success of the business.

Applicants should be qualified accountants, ideally with some experience of management accounting in an industrial environment. Commercial astuteness, sound management skills and the stature to be accepted as a senior member of the management team are essential requirements. Age guidelines: 28-40 years.

Please send c.v. to:

K. C. Collins
Personnel Services Manager
BOWATER CONTAINERS LIMITED
Saffron Ground
Ditchmore Lane
Stevenage, SG1 3LD

Develop your Project Finance Skills in Banking

Our client is a prestigious international merchant banking group which offers innovative financial engineering services through a comprehensive range of fee-based activities to a select group of corporate clients throughout the world. The Group's project finance team is a recognised leader in the international oil and energy world, both in an advisory and financing capacity.

The team needs to recruit several additional executives who will use the latest technology in project evaluation, feasibility analysis and extensive development of financial modelling. You will also assist in external and internal presentations to senior management and you will be expected to undertake responsibility for the execution of transactions.

You will be under thirty years old, ideally with an

accounting or mathematical university background, and you will have gained several years' exposure to project analysis, using financial modelling techniques in a commercial/financial environment. We are looking for self-starters who have a personality which will make a significant contribution to the synergy of this highly motivated team.

This is an excellent opportunity to gain considerable personal and professional development in an exciting environment which will suit only the most able individuals. The remuneration package includes a competitive salary and usual banking benefits commensurate with this position. Please apply to Carmina Leon of Cripps, Sears and Associates Limited, Personnel Management Consultants, 88/89 High Holborn, London WC1V 6LH. Telephone 01-404 5701.

Cripps, Sears

Midland Bank plc Group Treasury

Graduates with one or two years banking experience for

TRADING/GLOBAL TREASURY MANAGEMENT

Group Treasury is a fast growing and highly successful division of Midland Bank plc. Our role is to manage the Midland Group's balance sheet, to manage financial risk, to fund the Group's operations worldwide, and to trade in the currency and sterling money markets on our own behalf and on behalf of our customers.

As a result of a major expansion programme, we are looking for a number of top level graduates who have had one or two years banking or relevant corporate experience, and who are now looking for real responsibility, to join our trading and treasury management teams. Applicants should be highly motivated young MBAs or honours graduates who can demonstrate their ability to succeed in a very complex and competitive environment. Relevant academic disciplines are Economics, Mathematics, Accounting/Finance, Business Studies, Computing or other fields which require numeracy.

We offer competitive starting salaries together with accelerated career development programmes leading quickly to real responsibility and promotion within our global treasury network.

If you think you could contribute to our operations, some of which were featured on Page 65 of The Sunday Times on 3 March, write to me at the address below enclosing a detailed cv and stating why you think you would fit into our demanding environment.

Mr. Rodney A. Lonsdale, Personnel Manager,
Midland Bank plc, Group Treasury, Suffolk House,
5 Laurence Pountney Hill, LONDON EC4R 0EU.

TORONTO DOMINION BANK

FX DEALER

The Bank is one of Canada's top five, established in London for over 70 years, with an expanding global treasury operation and significant U.K. growth underway.

We have a post open in our Dealing Room for an experienced spot Foreign Exchange Dealer preferably with some knowledge of forward markets. The position is an integral part of a well-established team.

Initially the successful candidate will concentrate on spot trading in an active currency. There are excellent opportunities for promotion within the London Treasury operation as well as overseas.

The salary and benefits package is fully competitive. Qualified candidates should either telephone 01-283 8700 or forward a C.V. to:

Mark Hayes, Manager, Human Resources,
The Toronto-Dominion Bank, St. Helens, 1 Undershaft,
London EC3.



Appointments Wanted

AMBITIOUS

Young American executive seeking position of responsibility with aggressive, entrepreneurial organisation. Legally working and residing in London. Five years experience in international business, trading and new business development.

Write Box 4957, Financial Times
10 Cannon St, London EC4P 4BY

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Imagination and flair are the prime requisites to assist in the development of capital markets. A qualified Accountant who has 1/2 years' corporate experience in essential, as you will be involved in bringing together both lenders and borrowers in both the U.S. and Far East markets.

EUROBOND SUPERVISOR £14,000

American merchant bank requires a Senior Settlements person who is looking for a challenging management role. An Assistant to the Manager you will be supervising your own section and deputising in his absence. Age 28/32 with approximately 5 years' bond settlements experience. Mortgage and bonus are offered.

ACCOUNT OFFICER £13,000

Major merchant bank requires an ambitious graduate with approximately 18 months' corporate credit analysis. Working on international portfolio you will be expected to research and assess new business and market to multinational clients.

EXECUTIVE-LOANS ADMIN £10,000

Expanding merchant bank requires a Senior Loan Administrator for a newly established department. The successful candidate will concentrate on special transaction administration including a wide variety of tasks. Solid domestic experience, together with A.C.A. and A.A.A. are required. Ability to manage staff and contribute to the general development of the section are essential.

FOR FURTHER DETAILS OF THESE AND
OUR OTHER CURRENT VACANCIES PLEASE CALL
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These positions will encompass a wide range of duties including:

- Corporate Advisory Work
- Business Start ups and Venture Capital assistance
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- Long and short form reports
- Valuations and forecasts
- Forensic accounting and Expert Witness.

Applicants should have previous experience within these areas, gained either in a professional firm or with a major commercial/financial organisation.

For further details please contact Colin Perkins.

TAXATION CONSULTANCY c.£30,000 Package

Our clients, Specialist Tax Consultants and Corporate Advisors, require technically gifted A.C.A.s, Solicitors or Barristers to augment their successful and expanding teams. An ability to deal directly with clients and previous experience in Taxation, Investigations or Acquisitions work, preferably gained from a major professional firm or leading financial institution, is essential. Contact Timothy Bunnage.

Financial Recruitment Specialists
16-18 New Bridge St, London EC4V 6AU
Telephone 01-583 0073

EUROBOND SETTLEMENTS ASSISTANT MANAGER

Age 25-35

£13,000-£15,000

+ early review and first-class benefits package

A rare opportunity has arisen to join as Number Two in our Settlements Department.

To apply for this position you should have several years' first-class experience gained with a prominent securities house; be capable of assuming immediate staff supervisory responsibilities; be strong on systems and organisation as well as possessing wide technical knowledge of most aspects including yen settlements.

There are good prospects for career advancement. Lack of formal qualifications need not be a bar to the successful candidate as emphasis will be placed on personal qualities and experience.

Please write with full c.v. to:

OPERATIONS MANAGER
SUMITOMO FINANCE INTERNATIONAL
107 CHEAPSIDE, LONDON EC2V 6HA

Treasury Analyst

The BOC Group plc, the parent Company of one of Britain's largest international groups, is seeking a Treasury Analyst.

Reporting to the Deputy Treasurer, the jobholder will participate in a broad range of Treasury functions, including:

- Development of computer based Treasury systems.
- Arranging the financing of overseas subsidiaries.
- Evaluating alternative Group funding options.

The ideal candidate will be a graduate, aged 25-30 with an accounting qualification or an MBA. Some experience in the Treasury area would be useful together with a knowledge of computing and financial analysis techniques.

Based initially in Hammersmith, but relocating to Windlesham, Surrey, in the summer of 1985, this position offers a good opportunity to develop a career in Treasury Management or in a broader financial role with a UK multinational.

We offer an attractive salary plus free medical insurance and other fringe benefits. Please apply with full details to: Tina McKay, Personnel Manager, The BOC Group plc, Hammersmith House, London W6 8DX.

THE BOC GROUP

FINANCIAL SYSTEMS

A highly self-motivated person is required in a small, expanding company for a demanding position. Exposure to computerised systems desirable but less essential than a background in banking and/or accountancy. Flexible remuneration package with realistic base salary may include company car, profit bonus and individual pension scheme.

Reply to Box A.8930, Financial Times
10 Cannon Street, London EC4P 4BY

Economist

The Chase Manhattan Bank wishes to appoint a suitably qualified young economist to join its London based Economics Group working under the direction of Professor Geoffrey Maynard, Director of Economics, Europe and the Middle East. The person appointed will have a particular interest in money and foreign currency market analysis, but will also be expected to participate in the general economic appraisal and intelligence work of the Group, including country risk analysis.

Applicants should preferably be in their 20's. They should be well qualified in economics generally and have been trained in quantitative methods of analysis. Ideally they should have had relevant experience in money market analysis and be acquainted with the working of monetary institutions in the UK and elsewhere, applying. Knowledge of a second European language would be a substantial advantage.

The post carries with it attractive salary and other benefits consistent with an important role in a major International Bank. Apply in writing, giving full details of qualifications and experience, and names of referees who may be consulted, to: Professor Geoffrey Maynard, Director of Economics, Europe & Middle East, The Chase Manhattan Bank NA, Woolgate House, Coleman Street, London EC2P 2HD.

CHASE

INVESTMENT MANAGEMENT

We are a small investment team with a rapidly expanding asset base specialising in global management principally for North American clients.

We are looking for a person up to 35 with a minimum of two "A" levels to join the investment team. All applicants should have some investment experience. The successful candidate will eventually be expected to cover all major world markets and to be knowledgeable about all administrative functions. Compensation will depend on experience.

Write in confidence with your c.v. to Box A8938, Financial Times, 10 Cannon Street, London EC4P 4BY

SHIPPING CONSULTANCY

SHIPPING ECONOMICS ADVISORY GROUP (SEA GROUP)

the consultancy arm of Lloyd's of London Press Ltd. requires additional ANALYSTS AND CONSULTANTS to assist in developing this fast-growing organisation

These appointments, which are London-based, involve liaison with executives from all areas of shipping and associated industries. Each position will involve spending periods of time in various parts of the world for individual clients as well as specific multi-client projects. It is not necessary to have previous consultancy experience but candidates should have a track record of business development, planning or market research in shipping or allied industries. Statistical or econometric experience or qualifications would also be of benefit.

Applications in writing to:

Mr. W. J. Harding
Personnel Department
LLOYD'S OF LONDON PRESS LTD.
Sheepen Place, Colchester, Essex CO3 3LP
Telephone: 0206 47222 ext. 212

BOND TRADERS & SALES

You are probably too busy to think and plan your next career move, possibly even too busy (or exposed) to answer the Ad during the day. We are consistently looking for successful people such as you to take advantage of opportunities in the Bond markets either as an individual or as a team.

If you would welcome an informal and confidential discussion call one of the following numbers at your convenience:

01-588 2588 (day) 0839 4362 (8-10 pm and weekends)
or write to:-
THE ROGER PARKER ORGANISATION
65 London Wall, London EC2 5TL.

STOCKBROKING FINANCIAL SERVICES

MARKETING AND ADMINISTRATIVE ASSISTANT

Old established firm of stockbrokers seeks an experienced person to back up its team of financial planning Consultants. The ideal candidate will have a good knowledge of unit linked and conventional life assurance also the basic structure of personal tax and pensions. An interest in investment would be an advantage.

Salary and terms will reflect the importance of this appointment.
Write or telephone: J. R. Sydenham,
Ravens Financial Services,
5 Giltspur Street, London EC1A 9DE. 01-248 4400

DEPOSIT DEALERS

A leading international company are looking for young Deposit Brokers preferably with some experience to work primarily with their yen section.

Please reply, together with curriculum vitae, to Box A.8931, Financial Times
10 Cannon Street, London EC4P 4BY

SHIPOWNERS THIRD PARTY LIABILITY INSURANCE GRADUATE LAWYER

A vacancy exists for a qualified lawyer (graduate or solicitor) aged between 24 and 30 with a good U.C. university degree to join a firm of witnesses of a shipowners' mutual protection and indemnity insurance association. The successful candidate will be responsible for a firm of shipping solicitors. The ideal candidate will have a good knowledge of unit linked and conventional life assurance also the basic structure of personal tax and pensions. An interest in investment would be an advantage.

Salary negotiable. Benefits include P.P.S., pension scheme.
Write with full details to: Mr. J. R. Sydenham, Ravens Financial Services, 5 Giltspur Street, London EC1A 9DE.

Leading city merchant bankers are seeking professional people 25-30 for the following:-

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- 2) DEPOSIT DEALER £21k
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Phone for Appointment: 01-588 1351 Chris Manley
Abbey Appointments

AT A CAREER CROSSROADS?

We require executives preferably in their 40s with a background in industry, commerce or the professions, to be trained to offer a wide range of financial services to businesses, professional intermediaries and individuals. Income is not limited and benefits are provided.

Write to:

M. J. Talbot, HILL SAMUEL INVESTMENT SERVICES LTD.
50 Pall Mall, London SW1Y 5JQ, or telephone 01-839 7012

Accountancy Appointments

MANAGEMENT ACCOUNTING/ SYSTEMS DEVELOPMENT

Newcastle upon Tyne

£13,500+

The Client, manufacturers of specialised engineering products for worldwide industrial engineering and naval applications, is an autonomous division of a major multi-national engineering group. Reporting to the Financial Controller, the successful candidate will be responsible for the development of computerised manufacturing control systems, improving the existing computerised job costing system, the provision of monthly management accounts and periodic planning, as well as routine accounting. Aged 28-33, the ideal candidate would be qualified ACMA/ACCA with experience of systems development in financial and production control areas and have the ability to communicate with non-accounting personnel. A competitive salary, including a contributory pension scheme, 25 days holiday and excellent promotion prospects within the group are offered to the right person.

Job Ref: KW 092
For confidential application form, please telephone Ken Wilson on Newcastle (STD 0632) 323932, or forward comprehensive CV to Vine House, Vine Lane, Newcastle upon Tyne, NE1 7PU.

NORTHERN

RECRUITMENT

GROUP

ACCOUNTANCY APPOINTMENTS

UK Financial Controller

Middlesex

£17,000

Our client is a progressive international company specialising in research, design and construction for the offshore oil industry.

A Financial Controller is currently sought to take responsibility for the three autonomous UK subsidiaries, specialising in oil services and engineering.

Reporting to the Managing Director and functionally to the European Group Financial Controller, the role will include the supervision of the UK financial activities, with particular emphasis on the implementation and establishment of reporting systems and procedures.

A qualified Chartered Accountant, ideally aged 26-28, you should have gained relevant post qualification experience in either the profession or industry. A high level of personal performance and initiative are essential in order to meet the demands of this challenging career opportunity within the oil services sector.

Interested applicants should contact Tony Martin on 01-242 0965, or write to him, enclosing a comprehensive c.v., quoting ref SV1002, at 31 Southampton Row, London WC1B 5HY.

TP

Michael Page Partnership
International Recruitment Consultants
London New York Bristol
Birmingham Manchester Leeds Glasgow

Chief Internal Auditor

Salary range £14,004 - £15,042

The Welsh Development Agency is charged with the task of helping to regenerate the economy of Wales and to improve its environment. It promotes Wales as a location for investment, provides finance for industry, owns and develops industrial estates, reclaims derelict land and provides advice to the business sector.

Applications are invited from fully qualified Accountants for the above vacancy in the Internal Audit Department of the Agency, based at Treforest, near Cardiff.

Reporting to the Executive Director (Administration), the successful candidate will be responsible for the operation of the internal audit function across a wide range of financial and organisational activities at corporate headquarters and eight regional offices in North and South Wales.

In addition to holding a recognised accountancy qualification, applicants should have several years audit experience at a senior level, in either the private or public sector and also be familiar with the audit of computerised accounting systems, computerised management information systems and construction contracts.

Salary will be within the range quoted above with six weeks leave entitlement in addition to public holidays. There is a contributory pension scheme and a car user allowance. Relocation expenses will be given where appropriate.

Applications for this post are invited by 29 March 1985 (closing date). Please write or telephone for an application form quoting reference number 85/18.

WDA

Welsh Development Agency

Terry Thomas, Personnel Manager
Welsh Development Agency
Glantaf House, Treforest Industrial Estate, Pontypridd
Mid Glamorgan CF37 5UT.
Telephone: Treforest (044 385) 3571

BOARD POTENTIAL?

Growing Light Engineering Company, Surrey, needs

MANAGEMENT ACCOUNTANT

This is a new post and you can fit it to your talents. Work includes supervision and control of stock, production and cost records. We have a good financial accountant; you would work with her to produce management information for the board. We need your help to computerise present systems. Preferably qualified ACMA or ACCA. Salary negotiable; active profit-sharing scheme. The right candidate should have the potential to join the board in due course.

Send cv to Box A8913, Financial Times
10 Cannon Street, London EC4P 4BY

COMPANY SECRETARY - TRAVEL AGENCY CHAIN

MANCHESTER

NEG. c. £15,000 + CAR ETC.

Our client is a 25 branch subsidiary of a major group based broadly within the travel business. The Company turnover is £15m p.a., and all accounting and administration is conducted centrally from Manchester.

We are seeking a qualified Accountant, probably aged 30-40 who can demonstrate a history of successful financial management within the Travel Agency sphere, utilising fully computerised systems.

Reporting through the General Manager to the Board, the successful candidate will head a team of 11. Responsibilities will include normal secretarial and accounting functions, including periodic accounts for both local and group management. Significant emphasis is placed on treasury management and compliance with IATA, ABTA and CAA regulation. There is a need to ensure tight financial discipline in the context of on-going computer system enhancements.

As the company is growing by absorption from other parts of the group, there is significant personal scope for career development.

Will interested candidates please send a detailed curriculum vitae to Peter Grisenthwaite, quoting Ref. C4522, to arrive no later than Friday 22nd March. All interviews will be conducted in Manchester.

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SYSTEME
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Systeme Computers Limited, one of Britain's most successful computer manufacturers, is committed to remaining at the forefront of innovation in business computer solutions.

Our success and growth pattern now leads us to fill a newly created post of Treasurer. First and foremost is a feel for the City - your key task is going to be one of liaison with all the major finance houses, banks and institutions. You will be the link between investors, shareholders and Systeme. The constant monitoring of the company's cash position and reporting on same to treasury departments is another prime responsibility.

For the next 2 to 3 years you will have the task of steering the company towards its public flotation in 1987/88, a challenging task in itself but one from which you will get enormous stimulation.

Leading a dedicated department of ten people you will have to demonstrate a mature and proven range of management skills.

Reporting to the Company Secretary/Corporate Treasurer you will equally be accredited with the day-to-day control and administration of cash flow.

For this demanding and challenging role, a minimum of 5 years in a senior financial position with either a major manufacturing organisation or finance house is essential.

A knowledge of the High Tech Industries would be beneficial.

The responsibility of this position is reflected in an employment package including salary of circa £22,500, company share options, bonus, relocation expenses, family R.U.E.A. and executive car.

Interested candidates should write to:- Mr Paul Townson, Personnel Director, Systeme Computers Limited, Millshaw Science Park, Leeds LS11 0LT.

Financial Accountant

c £16,000

North London

Financial Insurance Group is the leading UK specialist underwriter of credit-related insurance products, marketing schemes for Banks, Finance Companies, Retailers and Building Societies.

We now seek a Financial Accountant to take a leading role in the team reporting to the Financial Controller.

A wide range of work is undertaken to a strict timetable. The accounts function is performed utilising packages designed for our IBM 38 computer.

The challenge is considerable with opportunities for the right person to develop and expand their professional skills within a fast-moving commercial environment.

Applicants will be Chartered Accountants with 2-3 years post-qualification experience, highly numerate and commercially aware. Previous experience with insurance company accounting will be an advantage but calibre and enthusiasm will be the most important considerations in the choice of candidate.

A competitive salary and benefits package will be offered and will include a fully-expensed car.

Please write with a comprehensive c.v. to:

Stephen Hales, Personnel Manager
Financial Insurance Group Services Ltd.,
P.O. Box 140, Enfield, Middx EN1 1YR



Group Accountant
Newbury - £16-18,000 p.a.

Highly profitable Group of Companies mainly in the advanced technology electronics sphere with an annual turnover of approximately £100m requires someone to take responsibility at a senior level for the day to day running of a group of this size which has autonomous subsidiaries.

Applicants will be qualified Chartered Accountants with practical commercial experience and familiarity with computerised accounting systems. In addition to the salary a company car will be provided together with fringe benefits normally associated with a group of this stature.

This is an outstanding management opportunity demanding well developed personal qualities.

Please write, in confidence, quoting ref. MU.839 to Guy Redmayne & Partners, 18 Grosvenor Street, London W1X 9FD. Tel. 01-409 0358.

GRP is the General Recruitment Division of EAL

Would you really want to recruit a Senior Executive who doesn't read the FT?

Does it surprise you that the FT reaches more Senior Executives in the UK than any other quality national newspaper?

It shouldn't. With our comprehensive and authoritative coverage of business trends, no self-respecting Senior Executive can afford to miss our pages.

You may also be pleasantly surprised to learn that advertising space on our Thursday Appointments pages is 30% cheaper than the Daily Telegraph and almost 40% cheaper than the Sunday Times.

Do we need to comment further?

Call Francis Phillips on 01-248 8000 for details.

No FT...no comment.

Accountancy Appointments

Can we offer tax people a head start?



Right now you may be a manager, assistant manager, or supervisor. When you consider the immediate prospect of earning up to £25,000, and the opportunity to become a Partner within six years, it's hard to ignore the fact that you could well go further, faster, as one of our valued tax seniors.

You'll be in an influential position, servicing your own group of clients. What's more, roughly 70% of your work will be in tax consulting - an area known for its interest and continuous challenge.

In terms of training, you'll find our programme is second to none. We devote time, effort and expense to meet your individual training requirements.

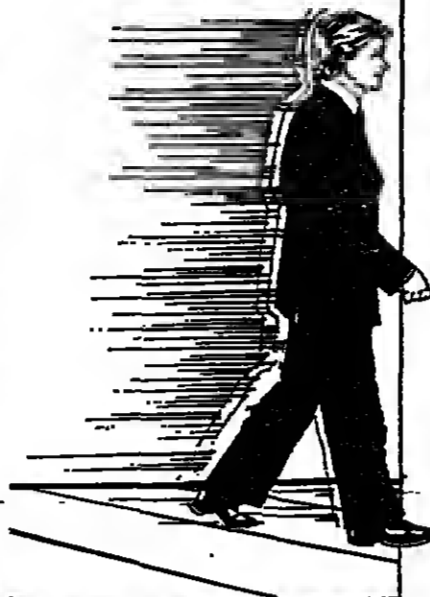
As for our requirements, we're looking for business-minded chartered accountants in their 20s, who are keen to work as part of a cohesive, friendly team and get the very best from their abilities and commitment.

We believe that the opportunities in tax with Arthur Andersen are exceptional. Why not see for yourself by spending a day with us, talking to a cross-section of our staff?

As a first step to an opportunity that's not just better, but better by far, write to Faith Jenner, Arthur Andersen & Co., 1 Surrey Street, London WC2R 2PS, or telephone her on 01-438 3517.

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ANDERSEN
& CO.**

OFFICES IN ABERDEEN, BELFAST, BIRMINGHAM, BRISTOL, CARDIFF, EDINBURGH, GLASGOW, LONDON, LEEDS, LIVERPOOL, MANCHESTER, NOTTINGHAM AND READING.



Young Accountant

c.£17,500 + Car + Bonus

Established in 1982, our London based client has developed rapidly to a £9 million turnover in the world office automation market. Manufacturing hi-tech products, the company has operations in the USA, Europe and Japan. The appointment will be a key position in developing the Company's international growth prospects.

A member of the small headquarters finance team, the accountant will be responsible for a range of tasks geared to business control and development. Reviewing results of subsidiary operations, developing strategic plans and carrying out financial investigations, the position will require working closely with senior management in several countries.

In their mid to late 20s, applicants (male or female), should be qualified accountants preferably with industrial/commercial experience. Please write enclosing a career/salary history and daytime telephone number to David Hogg FCA, quoting reference 1/2285.

EWA Management Personnel Ltd.
Ratton House, 20/23 Holborn, London EC1N 2JD
Telephone: 01-242 7773 (24 hour).

Challenging opportunity within shipping company with turnover in excess of \$200 million per annum.



MANAGER - FINANCIAL ACCOUNTING

C. £17,000 + CAR + ATTRACTIVE BENEFITS PACKAGE

Canada Maritime was formed in January 1984 when two great names - CP Ships and CMB - themselves part of major transportation groups - joined to form one of the strongest and most committed container services linking Europe and North America.

With the rapid expansion of the organisation in a highly competitive environment we are seeking an experienced and qualified accountant to maintain the day-to-day financial accounts of a shipping company with turnover in excess of \$200 million per annum. You will report directly to the Financial Controller and take responsibility for the production of monthly, quarterly and annual accounts of the line and its subsidiaries. Other duties include cash management, financial forecasting and budgeting.

You will probably be in your early 30's, will have a proven record of controlling, organising and motivating a number of staff and be able to meet very strict deadlines. Experience from within the shipping industry is not essential.

An attractive salary of c. £17,000 is offered together with car and a competitive benefits package.

Please write with full C.V. to: L.W. Thorne, Personnel Manager, Canada Maritime Services Limited, 50 Finsbury Square, London EC2A 1DD. Telephone: 01-638 5555.

GROUP ACCOUNTANT

The Group Accountant will report to the Managing Director and will have responsibility for the complete financial function including:-

- The development and operation of computerised modern accounting system.
- Production of monthly management accounts and annual accounts.
- Long term financial forecasting.
- Corporate Finance.
- Cash management.
- Operation and development of budgetary control systems.
- Tax planning.
- Investigation work in connection with external acquisitions.

Candidates must be qualified accountants in the age range 25-35, with sound commercial or industrial experience, preferably in a small or medium sized company. A knowledge of Export Trade would be an advantage.

Please send a comprehensive career resume, including salary history and day-time telephone number to:

Managing Director
Raymond Ltd.
Cox House, Cox Lane,
Chesham, Surrey.

**ACCOUNTANTS
CHOOSE
accountemps**
01-638 8474
THE TEMPORARY SOLUTION

Chief Financial Officer

S. London

£22,000+ car

Our client is a highly progressive firm of consulting civil and structural engineers, with an established reputation in its field. There are strategic plans for growth and expansion, both organically and by acquisition. Significant plans exist for development in the near future.

To meet the demands of this exciting phase, a qualified accountant is sought to fulfil a highly significant role within the company. Reporting directly to the Board, areas of responsibility will include:-

- ★ Statutory/management accounting and financial planning.
- ★ Systems appraisal, to include computerisation.
- ★ Company secretarial, taxation and administration.

Candidates aged 29-35, will be bright and enthusiastic and will have gained broad based experience ideally with a young public company or professional practice. Direct involvement with the commercial development of the company will demand genuine commitment, entrepreneurial flair and the ability to relate closely with management in all disciplines.

Prospects for promotion are excellent with an attractive remuneration package.

Candidates should write to Philip Cartwright, ACMA, Executive Division, enclosing a comprehensive curriculum vitae, quoting reference 225, at 31 Southampton Row, London WC1B 5HY.



Michael Page Partnership
International Recruitment Consultants
London New York Bristol
Birmingham Manchester Leeds Glasgow

SPECIAL INVESTIGATIONS AUDIT MANAGER

Up to c.£19,000 Financial Services

National Girobank, one of Britain's major financial institutions, is seeking to appoint a senior manager with responsibilities for Special Audit investigations and financial training.

Special Audit responsibilities will consist of undertaking value for money commercial appraisal projects, which could for example, include an examination of important contractual relationships between the bank and third parties. Direct negotiation with third parties is likely to be a feature of the job.

Responsibilities will also include design and implementation of appropriate finance training for management. The successful applicant is expected to make an important contribution to enhancing the general level of understanding of basic finance concepts within the bank.

The job involves a considerable degree of independence and it is important that the job holder is able to organise work efficiently so that clear results are achieved in both areas.

Ideally in their 30s, candidates should preferably be graduates and have relevant experience. A professional accounting qualification is required. Career development prospects within the bank are excellent.

Conditions include 5 weeks 3 days holiday and a contributory index-linked pension scheme. The post is based at Booter, Merseyside and assistance with relocation expenses will be provided where necessary.

Please apply in writing outlining career and salary progression and how your skill and experience match the requirements of the position to:

Paul Wildes, Management Recruitment Manager, National Girobank, Booter, Merseyside G10 0AA.

**NATIONAL
Girobank**

FINANCIAL CONTROLLER

Home Counties

to £15,000 + Bonus + Car + Benefits

We have been exclusively retained by a highly successful, UK company, part of a major US group, which manufactures and distributes a wide range of specialty high technology products for the graphics and printing industries.

They are now seeking to appoint a Financial Controller, who will effectively control the finance function, and work closely with the Managing Director on the day to day running of the business.

This is an excellent opportunity for a qualified Accountant in his/her late 20s to early 30s, to join a leading international organisation which can offer first class prospects for career development.

Written applications enclosing CVs should be sent to Robert Collier or Neil Gillespie in the strictest confidence, quoting reference number 5132.

410 Strand, London WC2R 0NS. Tel: 01-836 9501
26 West Nile Street, Glasgow G1 2EZ. Tel: 041-226 3101
113/115 George Street, Edinburgh EH2 4JN. Tel: 031-225 7744
Brook House, 77 Fountain Street
Manchester M2 2EE. Tel: 061-236 1553

**DOUGLAS
LLAMBAS**
Douglas Lambas Associates Limited
Accountancy & Management
Recruitment Consultants



Financial Director



INDUSTRIES PLC

Scunthorpe

c. £22,000 + Car and Benefits

A new subsidiary of our client has recently been formed and will operate from Scunthorpe in the manufacture of merchant bars. Projected annual turnover is £25 million. This is an exciting new venture in which the highly successful Caparo Group is investing significantly.

The management team is currently being recruited and a qualified and experienced accountant is required for the position of Financial Director. Particular preference will be shown to those candidates who are between 32 and 40, have a commercial approach and whose career has developed through their experience in, and liking for, industrial concerns. A capacity for hard work is essential and a mature, resilient character is required.

The successful candidate will be expected to assume immediate responsibility for establishing and staffing the company's total financial and management accounting functions and the introduction of appropriate computer systems. In addition to the basic salary the appointment will attract appropriate fringe benefits as befit the position.

This is a challenging position for which the rewards and potential are high.

Applicants who believe themselves significantly above average and who wish to be considered should apply in writing for an application form, quoting reference TAEB/MSD 10.

Mr. Paul Bennett
Peat Marwick Mitchell & Co.
45 Church Street
BIRMINGHAM
B3 2DL

**PEAT
MARWICK**

Financial Accountant

c.£15,000

City

Due to internal promotion, an opportunity has arisen as Financial Accountant of the International bulk shipping subsidiary of Canadian Pacific.

Reporting to the Financial Controller, you will supervise an accounting team who produce revenue accounts, accounts payable and vessel expense accounts. Other responsibilities include the preparation of regular financial reports, tax returns and statutory accounts.

You will be a qualified accountant and ideally have a year's experience in financial accounting. Demonstrable investigative and management skills are essential.

Starting salary depends on experience. Benefits include private medical insurance, season ticket loan, contributory pension scheme and relocation assistance when appropriate.

Please write - in confidence - with full career and salary details, to Peter Evans ref. B.49284.

This appointment is open to men and women.

HAY-MSL Selection and Advertising Limited,
52 Grosvenor Gardens, London SW1W 0AW.

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HAY-MSL
MANAGEMENT SELECTION.

FINANCIAL CONTROLLER

South Manchester

A leading manufacturer of electronic equipment and distributor of printers and computer peripherals has successfully negotiated a significant capital injection to assist in the funding of its future development.

The company is expanding into new product and marketing areas. This rapid growth necessitates the appointment of a technically strong financial controller to strengthen the entrepreneurial management team. Reporting to the managing director, the financial controller will be responsible for developing the accounting functions within the company.

The successful candidate will be either ACA/ACMA or ACCA and have proven experience of management, together with the necessary ability to communicate clearly with management of different disciplines. This position offers the opportunity for a board appointment after a suitable period of time.

Salary £13,000-£16,000 depending on experience plus car allowance.

Write Box 48934, Financial Times, 10 Cannon St, London EC4P 4BT

Financial Controller

Applications are invited from qualified Accountants with extensive commercial experience for the position of Financial Controller to our client company - a leading fashion company based in the UK and overseas.

It is likely that the successful candidate will be earning £17,500+ in his/her present position and can expect to command an attractive salary package well in excess of current earnings.

Replies in strictest confidence should be forwarded together with c.v. to:
L. S. Lazarus FCA, Arram, Berlyn Gardner & Co.
Mortimer House, 37/41 Mortimer Street, London W1N 7JL

Accountancy Appointments

Financial Director Designate

Engineering
to £17,500 p.a. + car, bonus & share option

Our client is a Technically and Quality Oriented Engineering company in Essex, subsidiary of a larger group, which wishes to recruit a Financial Director Designate to run its computer operated management reporting, finance and costing functions and take over as Financial Director in the near future.

Costing systems need overhauling and for this reason candidates, qualified accountants 30-40, will have had 'hands on' experience in this area. An excellent remuneration package is planned and prospects are good. Apply in confidence to Hamilton Howatt, John Courtis and Partners, Selection Consultants, 510 Chester Road, Hartford, Northwich, Cheshire, CW8 2AB, enclosing C.V. and stating exactly how you meet our client's requirements and quoting Ref. C.398/ET. Both men and women may apply.

JC&P

John Courtis and Partners

Tax Manager

c. £20,000 + car

Our client is a leading Lloyd's broker, based in suburban Essex. As a result of very rapid expansion the firm intends to appoint a Tax Manager with full responsibility for all aspects of the Group's taxation, including computations and international tax planning, with a view to improving tax efficiency throughout the Group. The Group is engaged in an aggressive worldwide programme of acquisitions, on which the Tax Manager will advise the main Board, requiring research and some travel.

Candidates should be qualified, unless they possess exceptional experience, and should have established themselves in corporate tax planning and acquisition work. Strong personal qualities are required; ambition, creative flair and a gift for explaining tax to the non-specialist. This is an important career appointment with attractive prospects in a highly profitable international organisation.

Please apply to Sir Timothy Moore, Career Plan Ltd., Chichester House, Chichester Rents, Chancery Lane, London, WC2A 1EG, tel: 01-242 5775.

Career plan
LIMITED

Personnel Consultants

Director of Finance

Southampton

c£30,000 + car

For a manufacturer and distributor of electronic products with subsidiaries in Europe and North America and part of a major and successful international group. Turnover is running in excess of £50 million and the company is well placed for further growth both organically and by acquisition.

Reporting to the newly appointed Managing Director you will be responsible for all aspects of the finance function and will play a key role in planning the profitable development of the business.

You should be a qualified accountant operating at a senior level in industry or commerce, ideally in an international environment.

Write in confidence to John Cameron, quoting ref. C366 at 10 Bolt Court, London EC4 (telephone 01-583 3911).

Chetwynd
Streets

Management Selection Limited

International Investment Bank City

£22,500 + substantial banking benefits + bonus

Our client is a major international investment bank with an expanding UK presence. A strategic policy of growth and diversification has created the need for a qualified accountant to assist in the consolidation of a new department.

Reporting to management at a senior level, this role will take responsibility for operational review, with particular emphasis on systems evaluation and profitability analyses. In addition international assignments will be undertaken from time to time necessitating some travel worldwide.

Candidates, aged 28-32, ideally will be graduate ACA's with previous experience of banking audit in a 'Big 8' professional firm. An outgoing personality, self motivation and well developed analytical skills are pre-requisites for this highly visible role.

This progressive organisation offers substantial exposure to mainstream international banking activities and for the candidate capable of demonstrating a high degree of autonomy and integrity, the prospects for promotion are excellent. The attractive remuneration package will include banking fringe benefits plus a performance-related bonus.

Candidates should write to Don Day FCA, Executive Division, enclosing a comprehensive C.V., quoting ref. 224, at 31 Southampton Row, London WC1B 5HY.

MP

Michael Page Partnership
International Recruitment Consultants
London New York Bristol
Birmingham Manchester Leeds Glasgow

FINANCIAL ACCOUNTANT

Oil Industry

£18-£20,000

Ideal opportunity for a young accountant (A.C.A., A.C.C.A. or similar) with three years post qualification experience to participate in all financial aspects of an international company with substantial interests in petroleum exploration.

Reporting to the Financial Controller, your brief covers personal and company tax reviews, tax planning and the monitoring of developments effecting joint ventures on a world-wide basis. Professional competence in these areas is essential, preferably gained within the oil industry.

London based, this is a highly visible appointment, offering considerable exposure to senior management, with possible overseas travel opportunities.

JOB SPECIFICATION DETAILS AVAILABLE

To arrange an early client meeting, please send a C.V. to John McSweeney. Alternatively, telephone him for further information on (0892) 46555.

PROSPECT HOUSE
11 LONSDALE GARDENS, TUNBRIDGE WELLS, KENT TN11 1NZ
PROSPECT EXECUTIVE
RECRUITMENT

Can you make this team?

Ambitious Young Accountant

A group of 25 outstanding business people need a highly skilled Accountant to join them. The Allison Insurance Group is an international group of companies offering marketing, training and insurance services to the Finance and Motor Industries. The company is young, rapidly expanding and successful. The Accountant will be responsible for the accounting and administration of our UK operations. The position is challenging: the individual needs to be diligent and accurate whilst being creative and energetic. The remuneration will be commensurate with the demands and importance of this position. If you are a qualified accountant, probably in your mid-20s and believe you possess the necessary drive and commitment to secure your own success, please send your detailed curriculum vitae to:

MR G. B. MATHER
ALLISON INSURANCE GROUP LIMITED
101 NEW LONDON ROAD
CHELMSFORD, ESSEX CM2 0PP

Financial Controller/Accountant

We are international air freight forwarding agents and our business involves large industrial companies and major UK and overseas airlines. The successful applicant should be well experienced in all aspects of financial management and accounting and will be expected to ensure the smooth running of our computerised accounting systems and report essential financial information to the directors on a regular basis.

If you can work efficiently under pressure, then please apply in writing giving full particulars to Box A5935, Financial Times, 10 Cannon Street, London EC4P 4BY

ACCOUNTING CONSULTANTS

We are an international firm of accountants who act as accounting consultants to the Insurance Industry. We have a position for a Chartered Accountant in our London office, located in the City. The office is small and the successful applicant will be entrusted with responsibility soon after taking up the position.

The position will involve specialising in investigative accounting and auditing and travelling on assignments to locations throughout the United Kingdom and Europe. If you are a high-calibre graduate, aged between 25 and 33, a creative thinker with at least four years' auditing experience, write in confidence, sending résumé to:

CAMPOS & STRATIS
Plantation House, Fenchurch Street
London EC3M 3DX

ACCOUNTANCY APPOINTMENTS APPEAR EVERY THURSDAY

Young Qualified Accountants

OPERATIONS REVIEW IN A MAJOR U.S. BANK

Travel — U.S.A., Europe, £18,000 package
Latin America (incl. mortgage etc)

Our client is a large U.S. bank with a worldwide network of branches and subsidiaries, and an exciting expansion programme. Its size and complexity has given this team a broad brief; in particular — assessing systems and management controls; analysing new business systems and projects; highlighting areas of weakness and risk from a business and audit viewpoint. These specific positions offer:

- Management responsibility in the group within the first year.
- 'Country Management' within the team, acting as the point of first contact with overseas management from a specific location.
- Considerable overseas travel (c.50%) to a wide range of locations including the U.S.A., Latin America and Europe.
- The opportunity to use this department as a career 'stepping-stone' into senior line management positions with the bank, either in the U.K. or overseas.

For young qualified accountants (ideally, graduates from a large firm background), this represents an opportunity to obtain a broad picture of how an international bank works on a global basis. There is early exposure to senior management, and the growth of the bank does provide a stable base for career growth.

Please contact Kevin Byrne on 01-588 6644, or send a detailed curriculum vitae to the address below.

All applications are treated in the strictest confidence. We are happy to have preliminary discussions on an informal basis.

Anderson, Squires
Bank Recruitment Specialists
85 London Wall, London EC2

Anderson, Squires

Financial Controller-Oman

THE JEWEL in the crown of the Arabian Peninsula, Oman is a rapidly developing country with outstanding scenery. Here you could break your mould and round out your experiences by working in a challenging, commercial environment.

OUR CLIENT, a major financial institution with a record of increasing turnover and profitability, seeks a Financial Controller with a background in investment or merchant banking.

IDEALLY, you should be in your early 30s, a Chartered Accountant with a real feel for managing departments outside the finance area.

A SALARY equivalent to c.£36,000 p.a. is offered with many benefits, including accommodation and a car.

SO if there is an ounce of adventure in your bones contact:

Richard Dutton, Vice-Chairman,
Marlar International Limited, 14 Grosvenor Place, London SW1X 7HH.
Telephone: 01-235 9614. Telex: 216260 ASM G.

BUCKMANS

ADVERTISING · MARKETING · DESIGN

FINANCIAL CONTROLLER AND COMPANY SECRETARY

East Midlands

c£18,000 + car

Our client is a private company providing design services and consultancy to a number of household names in the retail industry. The Company is a significant part of this competitive and creative market and has a fee income in excess of £2 million.

A Financial Controller and Company Secretary who will get fully involved in the running of the Company as well as controlling all of the financial and secretarial aspects is now required to join the existing management team. There will also be a positive role in developing and introducing financial information to help control the development of the business on a profitable basis.

The successful applicant, aged 30-40, will be a commercially minded qualified accountant with management experience in a similar creative environment. The practical ability to make a positive contribution to commercial decision making and direction of the Company is essential.

In the first instance, please write quoting reference G326 and submitting a curriculum vitae to: Trevor Atkinson, Buckmans Limited, Manfield House, 376/379 Strand, London WC2R 0LR.

BUCKMANS

ADVERTISING · MARKETING · DESIGN

INTERNATIONAL BUSINESS SYSTEMS REVIEW

£15,000 - £20,000

The London based HQ of a diversified multinational is expanding its small business review team which examines key financial and operating aspects of the business. The department reports directly to the Chief Executive and participates in special investigations and acquisition studies, as well as regular reviews of all its businesses.

Applicants, who should be prepared for up to 50% travel overseas, will be in the age range 25-35, will have strong analytical skills and will have an accounting qualification, MBA or Finance, Accounting degree and sound commercial experience.

Benefits will include non-contributory pension, BUPA and PHI, and may include a Company car.

CVs with full details of education, experience, present salary and a recent photograph should be sent to Trevor Atkinson, Buckmans Limited, Manfield House, 376/379 Strand, London WC2R 0LR.

Please indicate separately the name of any company who should not be sent your application.

Accountancy Appointments

International Insurance Broking

A leading Lloyd's broker which is engaged in an aggressive worldwide expansion programme, intends to make two new appointments to strengthen its Finance Division, based in suburban Essex. Both jobs carry attractive promotion prospects in this highly profitable group.

Financial Accountant up to £16,000

The Financial Accountant will report to the Group Accountant and will supervise a small team working on quarterly and statutory consolidated accounts of the Group, and the accounts of various subsidiaries and trustee accounts. The same team is responsible for the overhead ledgers, salaries and the production of analyses required for taxation purposes. He or she will liaise with the Management Accountant and the Systems Accountant to ensure a high level of accounting discipline throughout the Group. Candidates, ideally Chartered Accountants, must have a good technical knowledge of statutory requirements and familiarity with computerised general ledgers and possess enthusiasm, drive, ambition and ability to create good relationships.

Management Accountant up to £16,000

The Management Accountant, reporting to the Group Accountant, will be responsible for the production of monthly management accounts which include profit centre reports from the international activities of the Group. He or she will control a small team using a computerised general ledger and will be involved in the development of reporting systems throughout the Group. Candidates should be qualified accountants with the capacity to work under pressure to tight deadlines and with a flair for analysing trends and writing reports for non-accountants. A strong personality, leadership and interpersonal skills are required.

Career plan
LIMITED
Personnel Consultants

Please apply to Sir Timothy Moore, Career Plan Ltd., Chichester House, Chichester Rents, Chancery Lane, London, WC2A 1EG, tel: 01-242 5775.

REGIONAL FINANCIAL CONTROLLER

Circa £23,000 + Car + Benefits

City of London

Our client is a major multi-national involved in various aspects of the service industry. They now wish to appoint a Regional Financial Controller, who will undertake a full financial management responsibility for a number of international companies within the group. Although based in London this position will necessitate overseas travel from time to time. Candidates for this appointment will be qualified accountants, aged in their early to mid 30s, who have a minimum of five years post qualification financial management experience within a commercial or industrial concern.

Written applications, in strict confidence, should be sent to Neil Gillespie or Robert N. Collier at our London address, quoting reference number 5041.

410 Strand, London WC2R 0NS. Tel: 01-636 9501
26 West Nile Street, Glasgow G1 2PF. Tel: 041-226 3101
113/115 George Street, Edinburgh EH2 4JN. Tel: 031-225 7744
Brook House, 77 Fountain Street
Manchester M2 2EE. Tel: 061-236 1553

DOUGLAS LAMBIAS
Douglas Lambias Associates Limited
Accountancy & Management
Recruitment Consultants



Financial Controller

Visa International is the largest, fastest-growing global payments system, providing computerised authorisation and clearing services for credit/debit cards and travellers cheques to over 15,000 banking institutions worldwide. We are now seeking a Financial Controller for our London centre which serves the Europe, Middle East and Africa Region of Visa activities, and is situated in Kensington.

You will be responsible for the planning and direction of the whole spectrum of the Region's financial activities which encompass - Accounting records - Budgeting - Expenditure - audit and control - Collection/payment of receivables/expenses - Tax planning and administration - Developing banking relationships and overseeing monetary aspects of all settlements - Auditing of returns.

You will also provide assistance and advice to line divisions, and maintain a liaison with central administration in the U.S. head office.

You will probably be in your early thirties, have a degree level of education coupled with a recognised accounting qualification, and have at least four years' post-qualification experience. Proven management skills are essential as is the ability to work in an international environment. You should also be familiar with computerised accounting systems, multi-currency accounting and have an understanding of FX dealings. Excellent communication skills at all levels are a prerequisite of this position.

The starting salary will be in the range £23,000-£28,000 depending upon your experience, and the usual large company benefits, including a car, will apply.

Please write with a full cv to
Folly Ingerson, Personnel Officer,

VISA INTERNATIONAL
P.O. Box 253,
London W8 5TE.



Internal Audit based at Solihull

The Central Electricity Generating Board is responsible for the generation and main transmission of electricity in England and Wales and has about 50,000 employees operating one of the largest integrated power systems in the world.

Internal Audit is organised as an independent national service reporting on the effectiveness of the CEGB's financial and management control systems. We have two vacancies based at Solihull which offers excellent residential, recreational and travel facilities. Some assistance with relocation expenses is available in appropriate cases. Some overnight out-of-town visits will be necessary.

Team Leader £10941-£14024 per annum (Subject to review May 1st)

You must have initiative and strong personal motivation. Expertise in systems-based audit and computer audit is essential, experience of value for money/operational auditing is also highly desirable. You must have a relevant accounting qualification and the personal skills to supervise and direct the work of an audit team. The ability to communicate with all levels of staff is essential. Quote Ref. 52/85/JBB/FT.

Internal Auditor £8530-£10629 per annum (Subject to review May 1st)

You should have some experience of modern systems-based audit and possess or be studying for a recognised accounting qualification. Previous accounting experience and good communication skills are essential. Familiarity with computer audit techniques will be gained on the job. Quote Ref. 53/85/JBB/FT.

Applications in writing only giving full career details including age, qualifications, experience, present position, salary and quoting the appropriate reference for the post that you are applying for to the Group Personnel Officer, CEGB, Sudbury House, 15 Newgate Street, London EC1A 7AU not later than 28 March 1985.

Both posts offer attractive terms and conditions of service and excellent working conditions. Previous applicants need not re-apply.

The CEGB is an equal opportunity employer.

CENTRAL ELECTRICITY GENERATING BOARD, HEADQUARTERS



LONRHO Plc Newly-Qualified Accountant

Salary £13,500 + Bonus + Benefits

Applications are invited from newly-qualified accountants, who can demonstrate a high level of technical competence, for the following position at the Headquarters of Lonrho Plc—

Tax Accountant Ref. No. V.259

This is an attractive opening offering wide commercial tax experience for someone wanting to join a small tax team dealing with United Kingdom and International tax matters. Duties will include various corporate tax compliance and planning activities of which only a small, although important, proportion is of a pure computational nature.

In addition to the above salary and bonus, the range of benefits includes membership of a private medical insurance scheme and a subsidised lease car scheme.

In the first instance please send career details, quoting the above reference number, to—

The Group Personnel Manager,
LONRHO Plc,
Chesham House, 138 Chesham, London EC2V 6BL

Historic Buildings & Monuments Commission for England

The Historic Buildings and Monuments Commission for England is entrusted with the care and presentation of some 400 monuments and has a wide range of other duties and activities. There are some 1,400 employees and expenditure exceeds £50m including a grant from Government. We wish to recruit a

Qualified Graduate Accountant

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INTERNATIONAL FINANCE

Mexico buys some breathing space

ON MARCH 29, Mexico and its international bank creditors are to set the seal on the mammoth multi-year debt rescheduling agreed in principle last September.

This pioneering achievement covering U.S.\$48.7bn or nearly half the country's foreign debt, and the first restructuring deal to take a long-term view of the Latin American debt crisis set off by Mexico in August 1982, is now seldom discussed in Mexico itself.

There is no air of self-congratulation, at least in public, surrounding Ministers and officials who are sticking to the Government's image of sobriety. "We have bought ourselves a breathing space, no more," sums up a widely-held view of the deal, both in and outside the Government. The most bullish remark so far has come from Sr. Carlos Salinas de Gortari, the Planning Minister. "The state of emergency is over," he said in January.

But the problems that lie ahead are all too visible. Two threats to the Government's finely-balanced recovery strategy have already emerged this year, which Ministers are anticipating will be the most testing so far even after two years of retrenchment probably unparalleled in the country's history. The monthly inflation figures for January, for example, rose 7.4 per cent, the first time monthly price rises have exceeded the comparable month of the previous year since the Government of President Miguel de la Madrid took office in December, 1982.

Mexico, its economic managers tend to recall, was snatched out of the jaws of hyper-inflation, running at an annualised 117.2 per cent in April 1983. That year ended with an official consumer price index rise of 80.8 per cent brought down to 59.2 per cent in 1984 (against targets for the two years of 55 and 40 per cent respectively).

Despite this real achievement, continuing evidence of the stubborn resistance of prices to the

austerity programme has led some officials to fear that the downward inflationary trend may have reached a plateau. This year's official forecast is hopelessly optimistic at 35 per cent. More realistic forecasts are in the 45 to 50 per cent area.

The other early threat to emerge is the unsettled state of the oil market. Contingency plans are now being drawn up against the expected further fall in the price of oil, which last year earned Mexico about 70 per cent of its export revenues and provided an estimated

trade surplus to \$10bn.

The public sector deficit, now believed to have exceeded 18 per cent of GDP in 1982, was more than halved in 1983 to 8.5 per cent. The official estimate for last year is 6.7 per cent, though officials are admitting privately it could be 7.5 per cent. This year's target is therefore being set at the curiously exact 5.1 per cent against the original target of 3.5 per cent agreed with the International Monetary Fund.

The cost of this remarkable assault on Mexico's main in-

come remained roughly static between 1970-80 at three out of every five but despite average 3.3 per cent per capita growth throughout the decade those on less than one-eighth of the minimum wage rose nearly five times to one in 55 workers.

The evidence is sketchy, but suggests that the de la Madrid Government realised that there was no margin for any further fall in living standards. Food subsidies, for example, on staples like tortilla and beans, have been maintained, at about \$1.7bn last year.

In industry, Government figures show a remarkably small net loss of manufacturing jobs of 60,000 over the past three years. The manufacturing base has been protected mainly by a range of Government cushions for the private sector, by a policy of maintaining though, not increasing public sector employment, and by wage moderation. Roughly half the workforce—those with full-time jobs—have taken a 32 per cent cut in purchasing power between January 1983 and last month, independent calculations show.

Hard-core unemployment is about 1 per cent, with a further 40 per cent of the 25m workforce thought to be underemployed. Underemployment, measurable through Mexican ingenuity and the extended family system, appears however to have reached its urban limits.

Although the balance sheet of Sr. de la Madrid's hard-nosed technocratic approach, leavened with the traditionally adept populism of the ruling Institutional Revolutionary Party (PRI), is undoubtedly positive, any appraisal of Mexico's medium-term prospects should take on board an increasingly prevalent and revisionist view of his predecessor.

Sr. Jose Lopez Portillo's 1976-1982 administration has been justly reviled for its corruption, nepotism and demagoguery—traits which are unlikely to disappear entirely from the Mexican system. It failed to

alter its expansionary course when oil prices fell in 1981, costing Mexico \$7bn and interest rates rose (costing \$3bn). Instead, it borrowed a further \$20bn that year, bequeathing financial collapse, austerity, and the milestone of what is now \$98bn foreign debt.

Yet under Sr. Lopez Portillo Mexico underwent an extraordinary structural transformation, with the capacity to generate \$16bn in oil revenues being put in place (Mexico was a net oil importer in 1974) and the country's industrial capacity doubled. What one prominent Mexican banker, and cogent critic of the last Government's economic management describes as the "substance of national capital" was dramatically increased.

Put another way, Mexico's creditors are now getting paid because of oil industry investment under Sr. Lopez Portillo and their chances of continuing to get paid are much enhanced by what, in retrospect, was then over-investment in non-oil industry.

This investment has translated into average 40 per cent over-capacity. That, in part, explains the real fall in private investment of around 45 per cent in the last two years and also why there are no signs of the estimated \$15-30bn that left the country as capital flight being repatriated.

A lot of fat has been stripped away, cutting the public sector deficit and imports by roughly two-thirds each. That could not have been achieved without social upheaval and major de-industrialisation had most of this fat not been surplus. The cement industry, for example, working at just under two-thirds of its 30m tonnes a year capacity is exporting for the first time to compensate for depressed demand like Blue Circle and Holderbank of Switzerland with joint ventures here are providing the markets.

Despite a growing consensus that Mexico must export to



Men seeking work gather each day in a Mexico City square

squeeze out surplus funds for development, the country's bureaucracy is more of a hindrance than a stimulus. Under pressure from exporters, the authorities in early November decided to copy a Brazilian idea and virtually eliminate red tape for 50 selected exporting companies. The first company put forward by the exporters, a mining concern, had still to be accommodated three months later. As an exporting country, Mexico is still a novice.

And there is a long list of structural impediments to its full and enduring recovery. The most obvious are the still-to-be dominated issues of the public sector deficit and inflation. But these take in a range of hitherto structurally intractable problems such as food subsidies, population growth and backward agriculture of the growth of the public sector and a traditionally open-ended system of deficit financing.

The virtually unrivalled control of the ruling PRI, which has made Mexico the most stable country in Latin America over the past 55 years, is in part

dependent on details like tortilla subsidies and a countryside organised more to get the vote out than to produce. These rigid structures are being examined and a start has been made to reform some of them.

But nothing can be done in the medium-term to change the dependence of Mexico and therefore of its bankers, on oil revenue. The Government targets for non-oil exports which should triple between 1983 and the end of the decade, to account for some 40 per cent of exports, will most likely be met. This will yield trade surpluses after 1986 in the \$3.5bn area, but only if the country's oil cushion is not deduced.

The optimistic scenario is that whatever fall there is in the price of oil will be compensated by a more or less equivalent fall in interest rates. However, this was not the case in 1981 but then Mexico's whole strategy was counter-cyclical.

The main offset has to be interest rates. One independent analyst stressed, "It is unrealistic to look anywhere else in the short term at the moment, there is some slack in

Mexican foreign exchange cash flow projections, which allow for stable oil prices (at an average \$27 per barrel) to 1990 and an average Labor rate of 124 per cent (nearly all public sector foreign debt will be switched to Labor once the rescheduling is signed).

But if all the slack is taken up and the compensation mechanism thereafter fails to work, Mexican projects will prove wrong and the package based on them will almost certainly unravel without new cash commitments from the international financial system.

The idea of default has backers at the margins of Mexican public life but the Government has rejected it in favour of a strategy to win repayment terms which permit a net inflow of funds to finance development. But, as orthodox as they are, Mexican ministers and officials are equally convinced that development cannot be sacrificed to the needs of repayment if the two goals become irreconcilable.

The 1980 Census—Measures of Vital Statistics by Dr. Sergio Ramirez de la O and Dr. Lorenzo Moreno.

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INTERNATIONAL AVIATION

BCal's Latin American routes a mixed blessing for BA

BY HUGH O'SHAUGHNESSY

BRITISH AIRWAYS takes over on April 1 from British Caledonian as the British flag carrier in Latin America. BA will start services to Rio de Janeiro and Sao Paulo in Brazil, to Caracas, the capital of Venezuela and to the Colombian capital, Bogota.

Latin Americans may be forgiven for being a little bemused at the multiplicity of British airlines which have been serving them over the years. After the Second World War, it was British South American Airways, later absorbed into British Overseas Airways Corporation. In 1964, the routes to Latin America were handed over to British United Airways. In 1970, BUA became part of a company thereafter called British Caledonian. From next month, the routes will be back in the hands of BA, successor to BOAC.

Mr John Meredith, head of BA's transatlantic services, claims: "We will make the South American routes break even this year—or by the end of 1988 at the latest."

No one in the airline business thinks he will have an easy task. BCal does not deny press reports that it has been losing £3m (£3.27m) a year on the routes, and Mr John Prothero, Thomas, the BCal director for new projects, is clearly happy that his airline is giving up South America in exchange for BA's lucrative Saudi Arabian routes, as decided by the British Government last year.

The last two or three years have been miserable ones for BCal in Latin America. The Falklands war of 1982 had immediate and profound effects on the airline. Overnight, it had to suspend its services to Buenos Aires, the largest city in the Southern Hemisphere, and the major source of its South American traffic. War with Argentina made it difficult to BCal to reach Santiago, the Chilean capital, and was the end of the line for its South American services. For a few weeks, BCal served Santiago by direct flight from Sao Paulo, but that necessitated avoiding Argentine airspace altogether, and making a long detour over Peru.

That route was clearly not economic, and it was soon scrapped, leaving BCal's services terminating in Sao Paulo, and with its principal profit

centre out of action. That year BCal lost £5m on its South American services, a fact which pushed its airline operations as a whole into the red. Since the Falklands war there has been rationalisation—or extreme rationalisation—of BA's South American services heavily. The airline changed to flying no more than

British airline has come on the scene. Nor does there seem to be any immediate prospect of direct air traffic being resumed between London and Buenos Aires—despite the desire of BA to fly to the Argentine capital and the wish of Aerolineas Argentinas to return to London. John Meredith will have to look within his own air-

At the same time, it is substituting a stop in Trinidad for BCal's stop in Puerto Rico on its London-Caracas service. Trinidad is likely to yield more business for BA than Puerto Rico did for BCal.

BA will also be able to sell directly in South America, the transatlantic link to the dense European route network and connections to the Middle East and Far East. It will also be able to promote itself as the airline which flies to Heathrow, which offers better transfer connections than BCal's base at Gatwick.

The fate of BA's effort will to a large extent be affected by the economic climate in the region. If it recovers, BA's operations could face a quick impact if it remains stagnant or worsens, the result could be a longer haul than Mr Meredith expects. Last year, Latin America's economy grew by 2.4 per cent after a fall of 1.4 per cent in 1982 and 1983, respectively. This year's performance is anyone's guess.

One play that BA says it is not going to use in South America is the reintroduction of Concorde. Air France used to fly Concorde to Rio de Janeiro, Caracas and Mexico but when the Latin American economies turned into recession these services were suspended.

Despite press speculation that BA might end its present London-Miami Concorde service to South America, Mr Meredith insists: "We have absolutely no plans at present to fly Concorde regularly to South America." The next that South America will see of a BA Concorde this year will be the occasional charter flight.

The future of one important route remains undecided. In a month or two, the new airport serving Port Stanley will be inaugurated, giving the Falkland Islands the possibility of receiving wide-bodied jets for the first time. The British government is likely eventually to contract an airline to maintain a twice-weekly service to Port Stanley. Political sensibilities are still such as to preclude any such service from landing on the South American continent. Ascension Island will continue to be the intermediate stop for any civil airline flight—as it is today for the RAF Hercules shuttle.



Bob Hutchinson

twice a week to Brazil, and has cut out its services to Peru and Ecuador.

BCal in its time in South America has run into stern unwillingness on the part of governments in the Continent to allow any great reduction in published fares. "Latin American governments know that the proportion of their populations who can afford to make a trip by plane is no more than, say, 6 per cent. Those people would continue to fly to Europe even if you doubled the fares. At the same time, the other 94 per cent wouldn't be able to fly to Europe even if you halved the fares. So why change them?"

Official rigidity towards fare structures has not, however, stopped airlines which serve the routes from heavily discounting their prices through the bucket shops.

Nevertheless, high published fares have been a factor preventing the growth of a mass tourist market between Europe and Latin America.

As BA takes over, there is little sign that circumstances in Latin America will change. Latin American governments are unlikely to change their strategies merely because a new

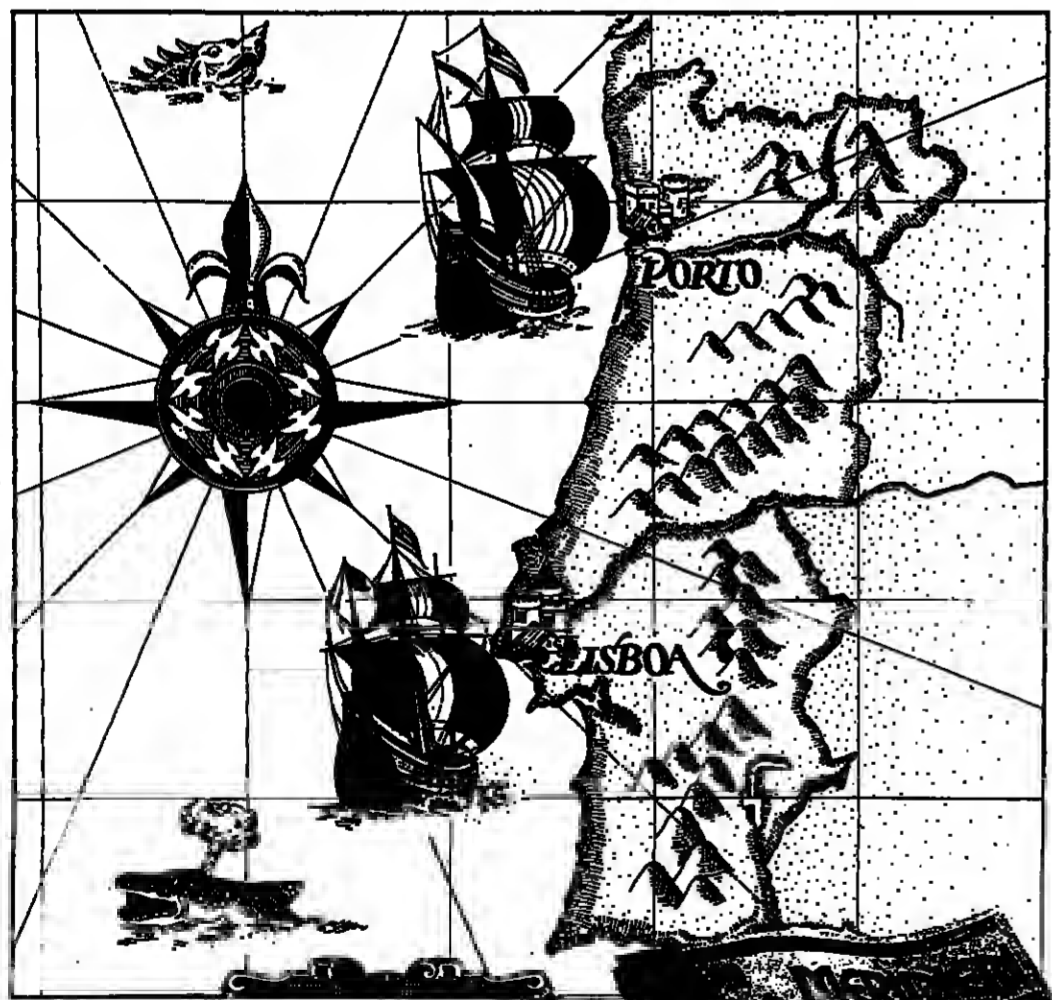
line for the formula which will bring him to a break even point.

He will have an initial struggle to establish the airline's own identity in the aftermath of BCal. Here, he will be helped by the fact that BA has retained a small presence in South America and earns some £5m in revenue from the region from those South American passengers wanting to travel on BA's world wide flights.

Another advantage BA will have is that of operating smaller aircraft. It will be using Lockheed TriStars on the Latin American route, rather than the DC-10s operated by BCal. If the absolute amount of traffic is no more than maintained, BA should, by using smaller aircraft, be able to improve on BCal's load factor of about 50 per cent.

BA has also re-thought its routes. It has dropped BCal's service to Recife, on the North-eastern bulge of Brazil, in favour of a non-stop London Rio de Janeiro service. It will save personnel and landing fees in Recife, but will lose some of those savings by having to leave London carrying more fuel—and thus less freight.

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Reserve requirements	242,847,011
Treasury Bonds	122,315,989
Loans	581,051,147
Participations	58,047,803
Bank premises and equipment	54,777,112
Other assets	162,926,106
Total assets	1,832,362,976
LIABILITIES	
Deposits	1,450,687,973
Central Bank	4,481,582
Other liabilities	223,224,224
Total liabilities	1,678,393,819
STOCKHOLDERS' EQUITY	
Capital	33,898,305
Reserves	119,470,852
Total stockholders' equity	153,369,157
Total liabilities and stockholders' equity	1,832,362,976
PROFIT FOR 1984 (after taxes) US\$ 52,524,542	
Capital has been increased to US\$ 113 million as of March 1985	
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JOBS COLUMN

Need for better judgement at the sharp end

BY MICHAEL DIXON

IT CAME as a surprise the other day to hear a marketing manager from a multinational computer company suggesting that its future is endangered by its heavy performing sales staff.

"They sell our stuff like hot cakes, particularly to smallish businesses. The problem is that they're so good at selling that a lot of customers, who're strangers to the technology of course, end up with pretty expensive installations which aren't suited to their needs. That chokes off the prospect of repeat sales, which we look bound to have to depend on in the longer run."

"Don't get me wrong. Top-notch selling ability will always come first at the sharp end of marketing. But it's no longer enough on its own. There's more and more a need for something else. You could call it 'judgement' I suppose."

Those comments by the marketing manager illustrate a change affecting a good many western economies, which this column suspects is rapidly making obsolete established attitudes to work. And nowhere do those attitudes seem to be falling behind reality faster than in Britain.

Top people in society here tend to view the world of work as divided into jobs of two broad kinds: superior and inferior. The superior kind consists of thinking jobs, exempli-

fied by the professions and management. People in such jobs are seen as employed to think up what should be done and the best ways to do it. They then hand down their thoughts in the form of plans, procedures and other instructions to be followed by the inferior job holders in making and doing what their superiors have ordained.

In contrast to their American counterparts, Britain's elite generally look down with especial distaste on selling. It is typically regarded as fit only for low-browed glib cheap-jacks who are sent around to talk parrot-fashion at a succession of potential customers, in an attempt to smarm them into buying certain standard products in accordance with standard terms and conditions.

Even if it has ever been possible to sell successfully as mindlessly as that—which I doubt—it is surely becoming less possible daily. As the things to be sold get more complex, salespeople increasingly have to be able to work out which of the many variations of their products will best meet the customer's wants. When the product is costly, they also need the ability to work out and suggest which ways of paying for the purchase will best suit the buyer.

Any one sale is therefore becoming less and less like an-

other. The job of selling is increasingly made up of a series of creative acts.

A similar change may well overtake "making" jobs in production. Unless we can quickly perfect a transplant operation to replace the British populace's characteristics with those of the Japanese, this country would seem unable to rely mainly for its future living on mass production of standard goods and services.

Excellence

One promising alternative could be increases in the batch production of far smaller quantities of more specialised items to the particular needs of a specified customer. That would need frequent changes of machine-tool settings together with excellence of manufacture.

The required combination of flexibility and quality is offered by the new computer numerically controlled machine tools. Each of the CNC tools can be pre-programmed individually to achieve a good standard of product. But tests have shown that an even higher quality can be attained by a human operator who, as well as being trained in the appropriate computer skills, has the ability to judge the niceties of the job in hand and can adjust the machine settings as the work proceeds.

To profit fully from that possibility, we should have to stop organising manufacture on mass-production lines, with the "thinking" parts of the work and the "making" parts being done by two separate sets of superior and inferior people. Decisive responsibilities of the thinking kind would have to be returned to the person actually working the machine.

But here again, just as in selling, success would depend on the availability of operators with the necessary "judgement." The question is how to obtain them.

The conventional answer is by training the selling and operating skills into people who have succeeded in academic examinations, perhaps right up to degree level, and so learned the relevant theories to be thereafter applied in doing the work. The only trouble is that it is a wrong answer.

Few if any jobs requiring real exercise of skill are done by a two-stage process of first summing up the appropriate theory and then applying it in practice—not even a job as highly intellectual as pioneering research in physics.

Otherwise, the nuclear physicist Sheldon Glashow would not have gone on to win his 1979 Nobel Prize. He would have given up the project years before when he found that what he needed to do next was ruled

out by the prevailing theory as impossible. Instead he just overlooked the theoretical impasse, pressed on and showed the theory was wrong. The nonsense of regarding such skilled work as a two-stage process was further confirmed a few days ago by another nuclear physicist, Dr Roger Cashmore of Oxford University. "I don't work by first thinking what to do and then doing it," he told me. "The thinking is embedded in the doing as I go along, and can't be separated from it."

In the case of most skilled jobs, which are far less intellectually orientated than science research, the learning of theory promoted and examined by academic education has only a minor role in equipping a person to do the work well. Theoretical learning of that kind was characterised by the philosopher Gilbert Ryle as made up of a series of "know-thats," such as that the Battle of Waterloo was fought in 1815. But skilled work depends primarily on the different kind of knowledge which is termed "know-how," which is more complex.

It seems clear that know-how must entail a certain number of "know-thats." For the most part they would seem to be of the commonsense kind. In the sales expert, for instance, they would include knowing that the product could be made to do some things and not others. But since

theory—unlike know-how—can be false, the absence of know-thats which are wrong is as important as the presence of know-thats which are right.

Equally essential to the practical judgment required by skilled work is another kind of knowledge consisting, not of knowing about things as one might know about Napoleon, but knowing them directly as one knows a close friend. Skilled makers, for example, need to know their tools and materials in this way.

But know-how depends on a further ability which the Nottingham University psychologist John Shorrock terms "knowing of the third kind," or "knowing-what-its-like." In the makers' case, it is represented by knowing what it is that constitutes an acceptable finished product or, in other words, being aware of the necessary standards of the craft.

There seems to be only one way of acquiring the crucial third kind of knowledge. It is by tackling the work in question for real, preferably under the guidance of a proven expert. So businesses whose prospects depend on developing better judgment in their front-line workers, apparently need first to reorganise so that those workers have more responsibility for making decisions, and second to invest more in apprenticeship training.

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What an environment in which to work! But of course behind the glamour of all these attractions lies the need for highly skilled management.

Our client, part of a substantial British Plc, is a major property company and luxury resort operator in Spain. They require a resident Financial Controller to be responsible to the Resort Director for financial management, information systems development and budgetary control.

Applicants must be Qualified Accountants, aged 30-45, with several years post-qualifying experience including Group reporting, cash management and computerised information systems development. A knowledge of Spanish is essential and some overseas experience would be an advantage.

The position will involve frequent travel to London to review the operations of the marketing office.

Benefits include family accommodation, car, pension and BUPA with travel concessions for family. There are excellent career prospects within the group.

Please send concise details, including current salary and daytime telephone number, quoting reference L2012, to W.S. Gilliland, Executive Selection Division.

Thornton Baker Associates Limited, Fairfax House, Fulwood Place, London WC1V 6DW.

Employment Conditions Abroad Limited

An International Association of Employers providing confidential information to its member companies, relating to employment of expatriates and nationals worldwide.

01-637 7604

Financial Management Saudi Arabia

Our client is an engineering company with offices in the Middle East, Europe and the U.S.A. The main thrust of their operation is in Saudi Arabia where they have a turnover in excess of £30 million and employ over 300 staff.

We have been asked to assist them in recruiting the following senior accountancy personnel for Saudi Arabia.

Financial Controller Circa £30,000+ p.a. (Tax Free)

Reporting to the Group Financial Controller, the person appointed will have total responsibility for the financial accounting affairs of their Saudi Arabian activities including bank relations, tax and audit.

Applicants aged 30 plus, should be qualified accountants with extensive experience in the profession and ideally they should also have spent time working overseas in an engineering/contracting environment.

They must be able to demonstrate the ability to control and manage a department, and, as accounting records are computerised, familiarity with such systems would be an advantage.

Management Accountant Circa £22,000+ p.a. (Tax Free)

Candidates aged 27 plus must be qualified accountants, and experience should ideally include some time overseas in an engineering/contracting environment. Familiarity with computerised systems is essential.

These are permanent positions based in Riyadh. In addition to the tax-free salary indicated there will be a comprehensive benefits package which includes £3,000 p.a. food allowance, free furnished accommodation, medical treatment, and regular home leave. Furthermore, there are very good prospects for career advancement both within Saudi Arabia and the group as a whole.

Applicants should apply initially to the address below giving brief details of their career to date. Applications should be marked 'Confidential' and include a covering note indicating any organisation to which they should not be forwarded.

Please quote reference number 7283 and address applications to G. Fox,

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Recruitment Consultants

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The Industrial Chemicals Group of W. R. Grace seeks for its European headquarters offices in Paris, France, and in Lausanne, Switzerland:

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The preferred candidates, between 24 and 30 years of age, will be university graduates or will have an equivalent professional qualification in a financial discipline. An MBA degree from a major business school would be considered an advantage.

A quick analytical mind, the willingness to attend to detail, the ability to relate at a senior management level and to work under pressure, are all essential qualities. An excellent command of written and spoken English is a basic requirement.

These positions offer the opportunity to gain varied experience and visibility at senior levels in the Company. The successful candidates will have the benefit of exposure across all management functions in a variety of businesses throughout Europe.

Employment terms and conditions are those appropriate for a major multi-national company.

Please send your application with a current curriculum vitae to either:

Mr. R. G. Jeffrey
Grace Industrial Chemicals Inc.
Avenue Montchoisi 35
Case Postale
1001 LAUSANNE
Switzerland

or
Mrs. B. Roussellere
Grace Industrial Chemicals Inc.
40, Boulevard Henri Sellier
92150 - CURENES
France

Internal Auditor International Merchant Bank

PARIS BASED

Internal Auditor, required by Paris-based International Merchant Bank specializing in corporate financial services, treasury and foreign exchange, loan, management and bond trading.

Applicants should possess experience of auditing similar operations, probably obtained from working in another bank, or by employment with an international accounting firm, be French and English speaking (pref. French or EEC National).

Remuneration in accordance with experience and qualifications.

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HAVAS-CONTACT

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Our client is a successful high technology company and a market leader in Europe in its specialist field.

The company has ambitious plans for growth and requires a young, high calibre Management Accountant to play a key role in the achievement of these plans.

You will report to the Financial Director and be responsible for all aspects of management accounting and reporting. In particular, you will be involved in preparing and interpreting monthly reports, developing improved systems using extensive in-house computer facilities, as well as assisting with pricing policy, investment appraisal and stock control.

The position will appeal to young Qualified Accountants with the ability and initiative to contribute quickly and effectively to all areas of management control. The successful applicant will have experience of standard / job costing, variance analysis and computerised management systems.

The company offers an attractive range of benefits and will give consideration to relocation assistance where necessary. There are first-class career prospects.

Please send concise details, including current salary and daytime telephone number, quoting reference M2028, to W.S. Gilland, Executive Selection Division.

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Applicants must be chartered accountants who trained in a major London practice and have subsequently been exposed to a variety of commercial situations in a tightly managed profit orientated enterprise or a major consultancy. Financial services experience, whilst an advantage, is less important than the other key requirements. Age 30-35. Location - The City.

Please apply in confidence, quoting ref: L 168, to:

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Tel: 01-240 7805

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To the person who can satisfy these standards a very attractive package will be offered including a salary in excess of £20,000, together with pension, profit share, subsidised mortgage, preferential loans, BUPA and other banking related benefits. The successful candidate will have significant long term career prospects in an expanding financial control environment.

Please send details of your career including academic grades, first time passes and present salary to Alan Cox, Chief Manager (Financial Control), Lloyds Bank Plc, 15 Abchurch Lane, London EC4N 3JF. EC3P 3BS. Strict confidentiality will be observed.



Senior Accountant

Systems and Procedures

London, England

The International Maritime Satellite Organization (INMARSAT) was established just five years ago and provides the world's most extensive satellite communications link for the shipping and offshore industries. The number of ships and oil rigs using the system is currently over 3000, and increasing at the rate of 75 per month, with space segment traffic increasing by about 60% per year. Our future plans include the launch of up to 9 more satellites between 1988 and 1992. All this activity and growth means that we need a Senior Accountant to develop and implement new systems.

You will be responsible for a range of computerized financial and accounting reporting systems incorporating commitment, financial and cash control, budget variance and cost centre responsibility reporting. You will evaluate reporting systems in space segment traffic, introducing new procedures as necessary.

We are looking for a fully qualified Accountant with more than 5 years' experience in financial and management accounting and computerized reporting systems control: telecommunications experience is desirable.

The rewards are considerable, most notably the opportunity to join a young organization with a multinational staff in one of the great cities of the world.

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International Maritime Satellite Organization

Finance Director

designate ; Edinburgh

to work closely with board colleagues in the management and development of a £50 million turnover food business. Accelerating the existing rate of profit growth is the objective. Investigations, acquisitions and investment appraisal are key areas. The position calls for a qualified accountant - probably early 30s - who can show a record of promotion and varied experience in a well managed group. Some years in a major management consultancy might have been ideal preparation for this very demanding role. Salary negotiable c. £20k or over plus car and other benefits. Please write in confidence with full career details to A.W.B. Thomson, as adviser to the company, at Selection Thomson Ltd., 115 Mount Street, London W1Y 5HD or 15 North Claremont Street, Glasgow G3 7NR.

Selection Thomson
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Aged 38-45 to £30,000 + benefits
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A Group Financial Controller is required at the Head Office in London. He or she will be responsible to the Group Managing Director for the full range of financial activities of the Group including funding and cash management, taxation, preparation of annual accounts, budgets, monitoring and preparation of monthly accounts, etc.

The Appointee must be well educated, suitably professionally qualified and able to demonstrate relevant experience, leadership qualities, drive and rounded business and commercial capability. The age band is likely to be 38-45.

The remuneration package is negotiable up to £30,000 plus benefits for an outstanding candidate. Please write in confidence with c.v. to:

Dr. J. A. Roberts
RUBEROID plc
1 New Oxford Street, London EC1A 1PE

Assistant Director-Finance

Employers' Trade Association
Central London

The N.F.U. provides a wide variety of services to agricultural employers in the UK. Annual membership subscriptions exceed £8m and it has substantial assets.

The assistant director - finance will take responsibility for the head office accounting department and for liaison with branches throughout the country. The post carries the prospect of promotion to more senior positions.

Applicants must be qualified accountants, aged between 30 and 45, with experience of managing a department and liaising with numerous other functional managers. Experience in a computerised environment, ideally including some development experience, is essential.

Please send full career details, including an indication of current salary, to Douglas G Mizon quoting reference F1595/M at Ernst & Whinney Management Consultants, Becket House, 1 Lambeth Palace Road, London SE1 7EU.

EW Ernst & Whinney

Finance Director

Located near the South Coast with outlets and other premises in several neighbouring counties, our client is engaged in the agricultural machinery, farm products, fuel and retailing fields.

Reporting to the Managing Director, the appointee will be totally responsible for the financial management as well as contributing to the general management of the business. It will be necessary to work closely with the various sections of the enterprise to improve their performance and to introduce new systems and policies.

Candidates will be qualified accountants who possess extensive experience in the finance function of a trading company, possibly in food or retailing. A highly commercial style is needed together with the skill to achieve greater profitability. The salary is around £24,000 plus a car, the usual benefits and relocation assistance where necessary.

Please apply in writing to Peter Barnett, quoting Reference B428, Barnett Consulting Group Limited, Providence House, River Street, Windsor, Berkshire, SL4 1QT. Tel: Windsor 58868.

Barnett Consulting Group

Financial Controller

Camberley

c £15,000 plus benefits

The Financial Controller will be responsible for the smooth day-to-day running of the Accounts Department, together with the provision of management information.

The position requires a qualified accountant with practical experience of computer systems.

The Company has a turnover of £6 million and manufactures data communications and electronic office equipment; and it is shortly moving to new premises in Camberley.

Please send a comprehensive CV to:

The Managing Director
Master Systems (Data Products) Ltd
100 Park Street
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FINANCE DIRECTOR

LONDON W12

£30-35,000 + car

A commercially-minded financial executive with a proven success record is required by an up-market £30 million turnover retail concern which is expanding rapidly and is actively contemplating a market flotation.

Reporting to the Managing Director, the Finance Director will be expected to develop financial planning and controls, computerise accounting systems, play an active role in acquisitions and participate generally in the management of the business.

Applicants, preferably in the mid-thirties to early forties age range, should be qualified accountants with sound retail experience. Previous exposure to the City would be useful and the ability to work effectively with a successful entrepreneur is vital.

Please send a comprehensive career résumé, including salary history and daytime telephone number, quoting ref: 2255 to G J Perkins, Executive Selection Division.

Touche Ross & Co.

Hill House 1 Little New Street London EC4A 3TR Tel: 01-353 8011



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EC2 - £16,000. Trade Association needs supervising Accountant. Good knowledge of Lloyds and DTI regulations to advise members on accounting, 2 years P.O.E.

EC2 - £12,000 MINIMUM. Same Trade Association wants newly qual. Acct. EC3 - £18,000. Secretary/Chief Accountant. Lloyds managing agency.

We specialise in placing Accountants in the Insurance Industry. Send c.v. to G. Hamilton FCA, ACMA, MBA (Harvard), Financial Control Personnel Ltd, St. Giles Lodge, Chalfont St. Giles, Bucks HP8 4RZ. Tel: (02907) 4291.

FINANCIAL TIMES

BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
 Telegrams: Finantimo, London PS4. Telex: 8954871
 Telephone: 01-248 8000

Thursday March 14 1985

Retreat from Lebanon

ISRAEL'S invasion of Lebanon in June 1982 is proving day by day to have been one of the most disastrous decisions in the history of the state. The ambitious intention had been to eliminate at a stroke the military capacity of the Palestine Liberation Organisation and in so doing create a friendly neighbouring state under firm Christian Maronite control and largely free of Syrian influence.

The various stages of the disaster have been well charted but only now are the wider long-term threats becoming apparent. The Lebanese people, who had historically been spectators of the Arab-Israeli conflict, are fast becoming among the most committed participants. The Shi'ite Muslims of the south, Lebanon's single largest religious community who initially welcomed the Israeli troops, have been transformed into the most ferocious resistance force ever faced by Israel. The Maronites, far from ruling Lebanon, are bitterly divided among themselves.

The savage determination of the Shi'ite guerrillas in the south to force Israel's withdrawal is being responded to in a manner which appears certain to intensify the bitterness of the local population and increase the cycle of violence. More alarmingly for Israel and for some of the more moderate leaders in the Arab world, the Shi'ite response to occupation is inevitably being cited as an example to the Palestinians in the West Bank and Gaza.

Iran is already preparing its Shi'ite population for the advent of the world's second Islamic Republic, albeit in only part of Lebanon. According to Tehran the forced Israeli retreat illustrates the power of Islam to achieve what Arab nationalism could not do in more than three decades. More than that, it is the bridge that will unite the Shi'ite and Sunni branches of Islam in a common purpose.

Opinion polls

Such propaganda becomes far more potent at a time when the pursuit of a negotiated Middle East peace is bearing all too little fruit. President Mubarak of Egypt appears to have won little encouragement from Washington this week for his latest efforts. King Hussein and Mr Yasser Arafat, chairman of the PLO, have made some progress on a joint negotiating position but such are Palestinian

Dry feet in the North Sea

KING CANUTE had to get his feet wet before he could convince his courtiers that he was powerless to control the tides; and something of the same logic may have inspired the Government in the timing of its decision to wind up the British National Oil Corporation. It has been clear for some months that, faced with what appears to be a structural glut of crude oil, market participants had become and would remain reluctant to trade more than a short way ahead of their immediate needs. This faced BNOC with only two choices: to buy participation oil under long-term contracts and sell at near-spot prices, generally incurring a loss; or to buy and sell at spot-related prices, acting as an unnecessary middleman. Rising worries about potential losses have made it easier for the Government to announce that there will be few complaints in London.

Internationally, the move should cause no undue excitement, since the spot price is currently near to the Opec official price. Unless the members of Opec believe, improbably, that the oil majors have been awaiting this liberalisation before mounting a self-destructive price war on their own account, they will accept what the Government has in effect admitted: so far as world price trends are concerned, BNOC was already a powerless spectator.

Economies

BNOC may have had a marginal stabilising role when security of supply still commanded a price premium, but even then its influence was pretty small. The Government must now be regretting that its review of the question last summer came down in favour of retaining BNOC. In present conditions its only prospective role was to channel a government subsidy to the oil industry; and although most of this subsidy was clawed back in tax, it was an absurdity.

Apart from the economies to be gained by winding up a redundant trading organisation, the Government should gain a

significant psychological profit through handing pricing over openly to the market. We will be spared much empty debate about pricing "policy," and a series of minor exchange market surges before each new announcement of the irrelevant BNOC price. The significant functions of BNOC—management of public-owned pipelines, and custody of the participation and payment-in-kind agreements which are an insurance of long-term UK security of supply—can adequately be handled by the small agency now proposed.

The abandonment of a pricing role may also prove advantageous to the UK as a whole if it allows public attention to focus on the really important questions of oil policy—and in particular the security of supply, which the country has the power to protect in its own interests. These are the twin questions of depletion and development. Had these matters been debated more seriously in the past, major errors might already have been avoided.

Concessions

The need for a policy arises simply from the fact that the interests of the whole economy are not identical to those of the oil producers—whose own calculations are in any case largely determined by government decisions about the regime. Indeed, a regime designed to encourage exploration and development by a high marginal tax rate on the revenues of established fields—has the effect of making oil producers pretty insensitive to price movements over quite a wide range in deciding their own production rates. Their main aim must be to recover a very substantial investment quickly.

For the economy as a whole, on the other hand, large swings up or down in oil production and revenue can be and have been disruptive, like any other sudden structural change; the national interest lies in a sustainable flow of revenue which will diminish only slowly from its peak. Perhaps now, with a mind clear of irrelevancies, the Government can do better.

BILLED as the "Shamrock summit," because it takes place on St Patrick's Day, the get-together between Canadian Prime Minister Brian Mulroney and President Ronald Reagan is to signal the start of a new era in relations between the world's two biggest trading partners. If the hopes of Canadian officials are fulfilled, the two-day summit (March 17-18) in Quebec City will pave the way for a new round of negotiations to dismantle trade barriers between the two countries and for action to curb acid rain, one of the most contentious issues in U.S.-Canada relations. A treaty on west coast fishing will be signed, and the finishing touches put to an agreement for refurbishing the Arctic early-warning radar network that protects North America against Soviet bombers and cruise missiles.

But to the frustration of the Canadians, the performance of the U.S. dollar is again demonstrating that—whether on defence, acid rain or free trade—almost all the trump cards are in Washington's hand. At a time when Canada has low inflation and a trade surplus but double-digit unemployment and mediocre economic growth, the jump in the U.S. dollar has forced Ottawa to allow the Canadian currency to tumble to record lows, pump up interest rates and borrow heavily to shore up the official reserves. In the past few weeks the Canadian dollar has slipped from U.S.75¢ to around 72¢: short-term interest rates have risen to almost two per cent; the Canadian Government has drawn a hefty U.S.\$1.4bn from credit facilities with international banks.

Mr Reagan need not worry that the impact of the runaway dollar on his neighbour's economy will sour the Shamrock summit. The priority for Mr Mulroney and many other Canadians is to rebuild their special relationship with the U.S. "Even more than Margaret Thatcher," says one senior Canadian diplomat, "Mulroney wants to be seen as Ronald Reagan's closest ally and friend."

It is still far too early to tell whether the blossoming friendship will bring the band of North American continentalists who argue that a lowering of commercial and other barriers is not only desirable but also inevitable for two countries sharing the world's longest undefended frontier and a common business culture.

The present climate of goodwill may equally plausibly turn out to be merely another episode in the long history of ups and downs in U.S.-Canada relations. Canada's relationship with its powerful southern neighbour is an evergreen topic of debate among the country's politicians, businessmen, trade unionists and academics.

The relationship is part of Canadians' everyday lives. The U.S. bought 76.3 per cent of Canada's exports in 1984 and supplied 72 per cent of its foreign purchases. U.S. companies account for more than three-quarters of foreign investment in Canada. Seven of the 12 biggest privately-owned firms in the country are American-owned.

Many Canadians spend their evenings, tuned in to U.S. television stations, and take their holidays in California. Most of their sports teams play in U.S. baseball and ice hockey leagues. About 40 per cent of Canadian trade unionists belong to U.S.-based unions.

Space for the Press

Dr George A. (Jay) Keyworth, President Reagan's science adviser and star wars supreme, visited London yesterday, denied he is hostile to the Press. He could think of journalists among his friends, he said.

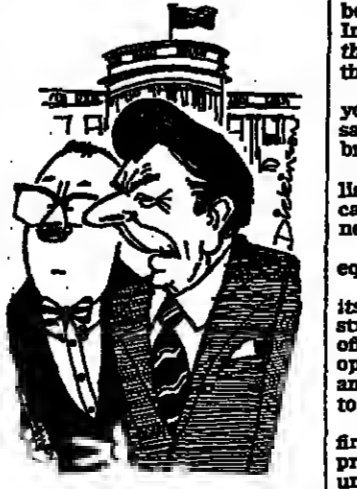
Keyworth has taken a pounding from the U.S. Press recently since the Washington Post prominently reported he believed, "Much of the Press is trying to tear down America."

He was reported as saying that "much of the Press seems to be drawn from a relatively narrow fringe element on the far left of our society." One Washington commentator called his views "crackpot."

Keyworth, in his mid-forties, a physicist, happily married for 23 years, can perhaps make a better case for being a stable personality than many of his critics.

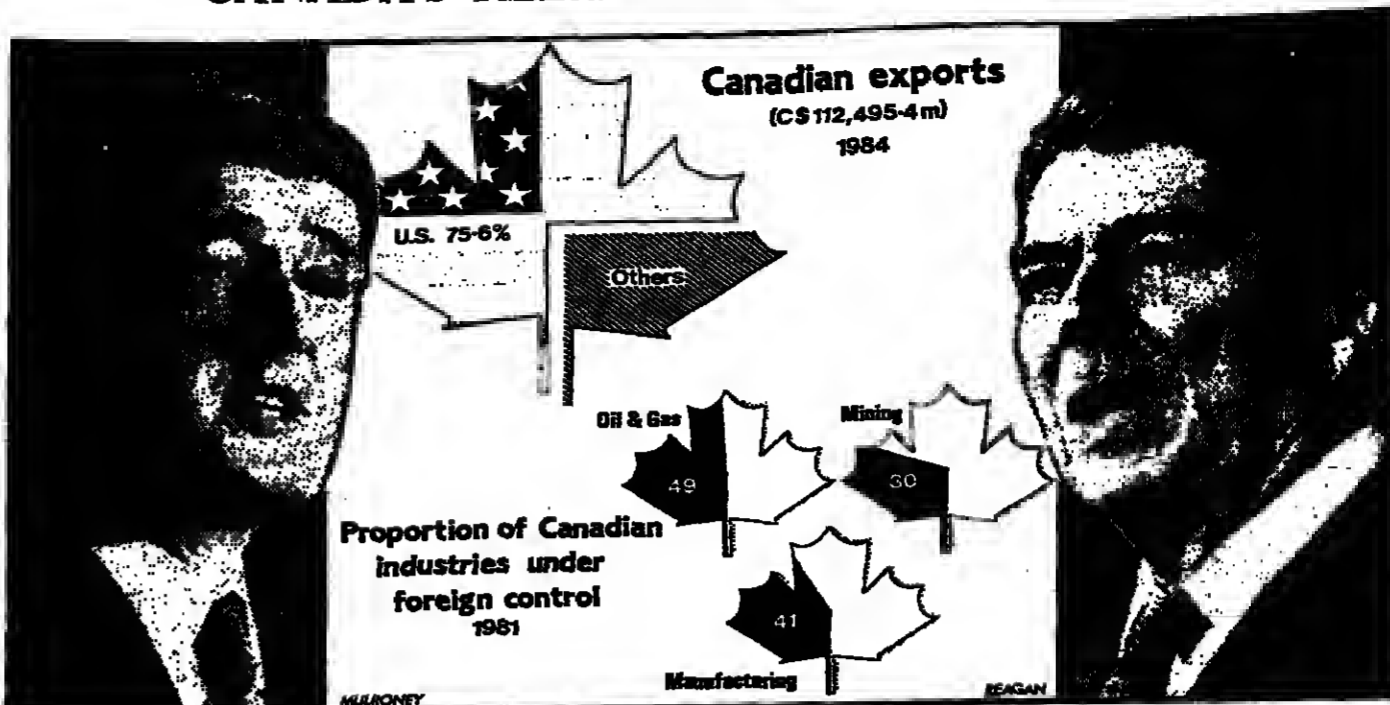
He is Reagan's principal defence programme against Russian missiles.

Media attacks on star wars were not the only cause of his outburst against the U.S.



"It's going to be difficult reaching an understanding with a leader who's too young to remember my movies"

CANADA'S RELATIONSHIP WITH THE U.S.



Why Washington holds the trump cards

By Bernard Simon in Toronto

However, the former "special relationship" between Ottawa and Washington has gradually been eroded in the past two decades. By 1982, mounting strains had developed into what Toronto University's Prof Stephen Clarkson, author of a definitive book on the subject, called "the most serious crisis in Canadian-American relations in living memory."

Canada began pursuing a more independent foreign policy in the mid-1960s. When former Prime Minister Lester Pearson criticised U.S. bombing of North Vietnam, President Johnson summed up Washington's paternalistic attitude towards its backyard neighbour by complaining that Mr Pearson had "peed on my carpet."

The immediate cause of the 1981 crisis was the National Energy Program (NEP) adopted by the Liberal Government of Mr Pierre Trudeau as a means of expanding domestic control of the Canadian oil and gas industry, and strengthening the Government's oil policy against the oil-producing provinces.

Bad feelings were compounded by several other points of friction. U.S. investors in Canada objected strongly to the NEP, which the Canadian Government to screen new foreign investments. Each country accused the other of not pulling its weight to clean up air and water pollution. A large trade deficit with the U.S. ever raised questions in Canada about the benefits of the 1965 free trade agreement in motor vehicles and parts.

Much has changed in the past four years, and many Canadians have begun asking whether the time has not

arrived to try to re-establish the "special relationship."

The business community has enthusiastically watched the U.S. economy outperform Canada's in the past few years, and nervously noted Washington's moves towards greater protection for domestic industries.

A growing number of Canadian companies — Northern Telecom, International Thomson, Olympia and York, and Macmillan Bloedel are four notable examples — have invested heavily in the U.S. to take advantage of the huge market, a less regu-

slide victory of Mr Mulroney's Progressive Conservative Party in last September's federal elections is certainly a landmark.

The heated atmosphere of 1980-81 began to cool shortly before the election, when U.S. Secretary of State George Shultz and his Canadian counterpart, Mr Allan Rock, agreed to hold quarterly meetings to discuss bilateral issues. The Liberal Government of Mr Trudeau had already softened rules for foreign investors in 1980 and stepped up defence spending to counter U.S. com-

plaints that Canada was not pulling its weight in Nato. Talks on dismantling trade barriers in four sectors — farm machinery, urban transit equipment, special steels and computer services — have been under way for almost two years.

The arrival of the Conservative Government has added a new dimension to these initiatives. Mr Mulroney's own background is an important factor. Brought up in a Quebec town where the main employer was a U.S. paper company and working later as chief executive of a Cleveland-based mining group, the new Prime Minister has experienced at first hand the benefits — and also the problems — of U.S. investment in Canada.

While the Trudeau Government drew the ramp of its support from Ontario and

Quebec, the Conservative administration has substantial backing in the extreme-western and eastern provinces. Canadians living in British Columbia in the west or New Brunswick in the east have more in common on many issues with neighbouring U.S. states than with the rest of their own country. They thus tend to be favourably disposed to closer ties with the U.S.

The West and the Atlantic provinces, being largely dependent upon primary industry, traditionally like the idea of free trade with the U.S. in order to gain access to cheaper manufactured goods. However, Ontario has traditionally wanted its manufactured goods to be protected against American and other competition. The novelty is that even in Ontario the belief is spreading that something is to be gained from freer exchanges with the U.S.

So eager has Mr Mulroney been to show goodwill towards the Reagan administration that critics already charge him of giving away the shop before the customer has even asked his prices.

One of the first pieces of legislation published by the new Government was Bill 10, which would abolish some of the most blatantly discriminatory provisions of the NEP and to strengthen Canada's Nato forces. Ottawa recently published a trade policy discussion paper pointing out the benefits to Canada of closer trade links with the U.S.

While Mr Trudeau irritated the White House with his superpower peace initiative, Mr Mulroney has earned its gratitude by publicly endorsing the

Star Wars strategic defence initiative. In a move clearly timed to please Washington, Ottawa announced this week that Canadian armed forces stationed in West Germany will be expanded by 1,200 troops, about 20 per cent of the total.

Last month he conceded that Canada cannot expect the U.S. to take action on acid rain and Canadian provinces, fighting their own pollution controls. Encouraging as these initiatives may be to the southern nationalists, it is by no means certain that they will produce concrete results, especially in the short term.

Influential sections of Canadian society still see closer links with the U.S. as more of a threat than an opportunity. Small and medium-sized manufacturers in the industrial heartland of Ontario, saddled with high labour costs and relatively small production runs, fear that further trade liberalisation will allow U.S. suppliers to swamp their markets.

Talk to Canadians about lowering commercial barriers with the U.S. and it is not long before someone will voice concerns about "losing our national identity." Although the reply time into Dallas and Dynasty, many Canadians also support heavy Government subsidies and protection for indigenous performing arts and other cultural activities, as seen in book publishing.

On defence policy, Canada's vociferous anti-nuclear lobby has forced the Mulroney government to renege on the nuclear weapons ban which was stationed on Canadian soil.

Meanwhile, few Canadians have so far stopped to consider whether the American enthusiasm for new closer links matches their own. A Food and Drug Administration decision declaring Canada off (an important Canadian export) at human consumption, and a decision not to enforce tough new restrictions on the use of asbestos have encouraged Ottawa to believe that the U.S. is willing to take its hand off the Canadian economy.

It appears, however, that Washington's main aim is to secure a reversal of the foreign investment, defence and energy policies which soured relations with Canada in the early 1960s, rather than to achieve a mutually costly and politically-sensitive programme for political abatement or trade expansion.

The Americans have made it clear, for instance, that trade liberalisation must benefit U.S. industries, and should not conflict with Washington's multi-lateral trade commitments.

Significantly, the sectoral free trade talks, begun in 1983, have so far achieved little. Progress on special steels and urban transit equipment is hampered by U.S. objections that it is rather a long way from free trade. The Canadian side is stonewalling on computer services for the same reason, leaving only farm machinery where both sides appear willing to make meaningful concessions.

Action to counter acid rain has been held up by U.S. insistence that further research is needed. Even the smallest abatement programme would involve substantial costs which Washington appears in no mood to incur in the present budget-cutting climate.

Mr Mulroney faces the difficult challenge of simultaneously trying to convince President Reagan that reviving the "special relationship" may be in the U.S.'s interest, while showing Canadians that the benefits of closer ties with the U.S. outweigh the costs.

Men and Matters

Third party

The political career of the eccentric Sir Eric Gairy, former Prime Minister of the Caribbean island of Grenada, seems to be finished.

The one-time night-club owner, spiritualist, and dynamite enthusiast, controlled Grenada's politics with his "Mongoose Gang" for two decades until he was removed in a left-wing coup in 1979.

Much to the embarrassment of the Americans, Gairy tried to make a come-back in the elections last year, which restored self-government to the island after the U.S. invasion in 1983. But his United Labour Party won only one seat.

Now that one successful candidate, Marcel Peters, has deserted Gairy, taking with him the three senators whom Gairy appointed.

All four have dissociated themselves from Gairy's charges that the elections, won easily by the moderate New National Party, were rigged by the U.S. To underline the break, Peters and the senators have formed another party and successfully wooed hundreds of Gairy's former supporters to their side.

Sky lights

When the first British commercial flight by Australian businessman Alan Bond's airship, the Skyship 500, took place in London yesterday, the payload was an 80-foot banner advertising Swan Lager. Well, Bond does own the brewery making this Western Australian nectar.

British sports events are a prime sales target for Bond's new machine — such business has been made possible in Britain by the legalising of aerial advertising a year ago. In California Japan's Fuji Film company has been paying

some \$250,000 a month to lease a Bond Skyship.

Three months flying over California took Judd's market share in the state from 6 per cent to 21 per cent — although that might also have something to do with the publishing of the company's products at the Los Angeles Olympics.

Alan Birkmore, a Bond Corporation director, was given the job of setting Airship Industries firmly on course in January, and Bond has now staked some £22m in the venture, including financial guarantees.

Next on the list of money-raising projects is the use of electronic illuminated signs. Passenger-carrying approval from the Civil Aviation Authority has been won at long last — although Birkmore says "If you change the airships you have to go through the CAA again."

Quite the most interesting facet of commercial awards — and they are available these days for most fields of endeavour — is the unpredictability that accompanies them in spite of the best efforts of the public relations people.

When Egon Ronay presided in London yesterday at the Pub of the Year award to accompany the 1985 Guinness Pub Guide, the judging was in the hands of anonymous inspectors from his food organisation.

Even Egon reddened a trifle when the winning pub turned out to be his local. He honestly did not know, he told me.

If you happen to be in Berkshire the place to visit is the Royal Oak Hotel, Yattendon, run by Richard and Kate Smith.

Small progress

Speaking of the new technology: Sir Terence Beckett, director-general of the CBI, told an audience in Bristol yesterday of the firm making silicon chips whose research and development was so advanced it was looking for smaller premises.

Observer



An uncommon commoner
 "In commercial life," observed a contemporary, "Mr. Pannell has won his spurs honourably... His career as a public man is even more distinguished."

William Henry Pannell's rise to fame and fortune was indeed meteoric. At 26, in August 1869, he set up his own firm of accountants. By 49, he was Chief Commoner of the City of London.

From organising a brilliantly successful ball at the Guildhall to resolving the unsatisfactory state of London's fish supply, nothing was too much or too little for this indefatigable accountant.

Today Pannell Kerr Forster's links with the City are as strong as ever, as our services to corporate clients prove, extending well beyond the traditional requirements for audit and accountancy to include take-overs and mergers, investigations and new issue work.

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Question: What is the "policy mix"?

Answer: The first question of demand management is always the policy mix. In what direction does the Government want to influence the movement of total spending in the economy?

For instance, the 1984 UK Budget envisaged a growth rate of 8 per cent in the year ahead, a gradually declining to 5 per cent by 1989-90. The miners' strike has affected the detailed timing but not the general aim of the Medium Term Financial Strategy.

Some economists want a faster growth of demand in the hope of stimulating more output and jobs, while others would like a slower growth in the hope of securing zero inflation in the foreseeable future.

The argument about the "policy mix" is a secondary argument which only arises when the policy aim has been agreed. It is possible to pursue the same objective for overall demand with a relatively tight monetary policy and a relatively loose fiscal policy or vice versa.

In the very long run, the two instruments are not independent. For if a Government issues too many bonds over too long a period, it becomes in practice very difficult to control the money supply.

But U.S. experience has shown that some countries at least can for quite a time run a loose fiscal policy—that is, high or rising budget deficits—offset by tight money, with little inflationary effect.

Q: What kind of change of policy mix is being advocated? A: In the UK, some economists are urging a tighter monetary policy to protect sterling, offset by a looser fiscal policy. The immediate trigger for the suggestions has been the emergency interest rate increases which have raised British base rates by 4 per cent since the end of last year. There is, too, the prospect of a higher average level of interest rates than was earlier thought likely, with perhaps base rates averaging 12 per cent in 1985-86 instead of 9 to 10 per cent.

There is also the influence of Reaganomics. The U.S. has succeeded in the last two-and-a-quarter years in combining rapid growth with low inflation. High real interest rates in the U.S. have not retarded growth, as many in both Wall Street and the academic world expected, while high budget deficits have been accompanied by a strong dollar and a 3 to 4 per cent inflation rate.

Q: Is a change in the policy mix likely to be announced in the UK? A: It is unlikely. The projected PSBR for 1985-86 may vary slightly in either direction from the £7bn tentatively laid down in the MTFS because of special factors such as the effect of the miners' strike or the timing of payments for ECGD losses.

But confidence in sterling is too fragile for the Chancellor to want deliberately to run a substantially higher PSBR to offset the effects of higher interest rates. Thus a policy of tightening (for example, lower money not offset by much fiscal loosening) is more likely than a change in the "mix".

The policy mix question is likely to become more relevant after the Budget. For instance, there will be the question of how far it is possible or desirable to press on with interest rate cuts, or whether some fiscal easement should instead be made in the 1986 Budget or before.

Moreover, pressure for European tax cuts is likely to come for different reasons both from the Fed (Paul Volcker makes no secret that he thinks European fiscal policy too tight) and from the U.S. Administration.

Q: What is the respectable argument for a change in the policy mix towards looser fiscal policy combined with tighter money? A: The basic arguments concern the balance of payments and the exchange rate and were put forward in Economic Viewpoint on March 8 1985, long before the advent of Reaganomics.

There is, among advanced countries, a reasonable unified international capital market. So long as confidence is maintained in individual governments which increases its borrowing will be able to attract funds on the world capital market by paying only a modest premium over prevailing world interest rates.

This inflow will tend to drive up the exchange rate, but weaken the current balance of payments by making the country's exports less competitive. Conversely, a reduction in Government borrowing can lower a country's exchange rate, paradoxical though this may seem.

It therefore follows that when a country is worried that the exchange rate is "too high" (as in the case of the dollar today and sterling in 1979-80) it should probably tighten its fiscal stance—i.e. reduce its budget deficit—and thereby reduce net foreign inflows. This is the most important single internal U.S. argument for a major reduction in the Federal deficit.

It was also the main justification (although not the one given) for the slashing of the PSBR at the height of the recession in the controversial UK Budget of 1981 (which sparked that famous protest by 364 economists).

The position is now the opposite. If because of oil price fears and the anticipated gradual rundown of North Sea output, sterling is in the next few years more likely to be "too weak" rather than too strong, there is a case for moving into reverse; i.e. having tighter money to put a brake on any downward movement of sterling, but have this offset by looser fiscal policy to prevent nominal demand from being squeezed too much.

Q: Can you be sure that a looser fiscal policy would strengthen sterling? Could it not, on the contrary, trigger a run on sterling? A: Of course. The basic proposition only holds if confidence is maintained that monetary policy will be tight enough to keep inflation under control.

Very often in the past a high or rising budget deficit has been financed from the banking system; in other words it has involved an increase in the money supply, or been "monetised".

Fears that this would happen lay behind the sterling crisis of 1976 when the UK had to borrow from the IMF and the weakness of the dollar in 1977. In 1979, under President Carter, when the U.S. budget deficit was a fraction of its present amount, thus psychology is all important.

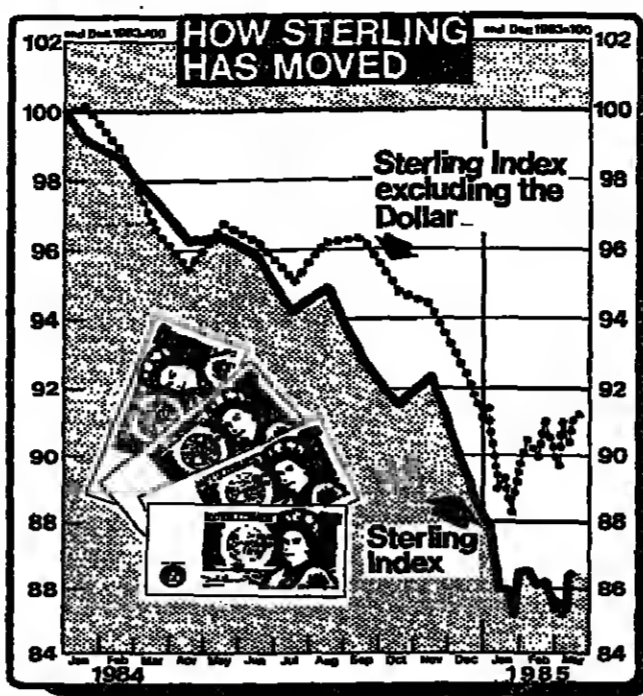
Unfortunately, many people who argue for a change in the policy mix help to justify these fears because they really want a change in the policy aim. Consciously or not they hope that the tighter monetary policy supposed to offset the fiscal loosening will soon be forgotten. Or worse still, they have not thrown off the bad habit induced by the specially British form of Keynesianism (developed after the master's death) of supposing that fiscal stimulation is "the right stuff" and monetary policy merely concerns numbers on his paper.

So the attitude of sceptics who regard talk of "changing the policy mix" as a code for "more inflation" is quite understandable; and a great deal of effort will be required to persuade markets that this is not the case.

Economic Viewpoint

Time to swot up on the 'policy mix'

By Samuel Brittan



danger one day of a sudden reversal of the dollar's fortunes, and a free fall which would harm both the U.S. and its trading partners.

In the case of the UK, which faces the prospect of moving from being a net oil exporter of about £7bn per annum to about self-sufficiency by the turn of the century, it would be folly to engage in a mix of policies likely to involve a current account deficit.

But the recent weakness of sterling took place when the current account was in surplus and thus reflected adverse capital pressures. It is quite reasonable to tighten monetary policy to enhance the attractiveness of sterling, so long as the objective is merely to prevent a capital outflow.

Germany and Japan are running large current account surpluses. A shift to a looser fiscal policy which led to a run-down in these surpluses would be a positive contribution to better world balance and is an indispensable prerequisite for a reduction in the U.S. current trade deficit.

These two countries, almost alone in the world, may be running an overtight demand policy; and a shift which involved a net stimulus, and not just a change in the mix might be justified. But again I have to guard my flank against unconstructed Keynesians who would carry this argument to ludicrous lengths.

Q: If all major countries increased their budget deficits, would not real interest rates rise, whatever happened to monetary policy? A: Yes. At a world level some synchronisation of any increase in European and Japanese budget deficits with a rundown in the U.S. would be desirable. It would also be helpful if any bulge in the sum total of deficits coincided with the next world business downturn. Contrary to many earlier forecasts, this does not look at all likely in 1985 and is far from certain in 1986; and fine-tuning of these matters is trying for the moon.

Nevertheless, any feasible borrowing in UK Government bonds is a drop in the ocean of world capital markets, and the special petro-pound features make some variation in any international forum.

Q: How important is the policy mix issue? A: It does interact with the dollar problem. Apart from that, it is a third order issue which gives finance ministers and macro-economists, who cannot put their labour markets right, something to do.

But the issue takes third place to the question of how large an increase in nominal demand to aim for, and, above all, how to improve the distribution of that demand increase between real growth on the one hand and pay and price increases on the other.

Lombard

Businessmen and the EMS

By Nicholas Colchester

SHOULD THE pound be a full member of the European Monetary System? Should it join at around the present exchange rate of DM 3.60? I put these questions to the top management of seven well-known British companies. Here are their answers:

Sam Toy, chairman and managing director of Ford Motor Company: "Sterling should be in the EMS. We've been impressed by the stability the EMS has brought to its member currencies and feel that this, and the opportunities for greater convergence between the economic policies of European governments, would be of benefit to Britain. The timing is better than in the past but we would like to see sterling at a still more competitive level against the currencies of our major trading partners."

Sir Adrian Cadbury, chairman of Cadbury-Schweppes: "The present degree of European currency movements is manageable, but I would be for joining EMS for three reasons. It would modestly limit currency fluctuations, and any reduction in uncertainty is good for business. It would impose a useful discipline on government to follow fiscal and monetary policies that would be helpful to business. It would be a step towards a genuinely common market with a common currency. As for timing, now would be acceptable. We cannot agree in principle, but wait until some precise convergence of exchange rates has been reached."

Sir Michael Colman, finance director of Reckitt and Colman: "We tend to build plants in the UK to serve the European market and expect exchange rates to reflect differences in inflation, but when exorbitant factors like oil dominate you are left completely unaided. We want to be attached to a system which has stability as its rationale. The current European exchange rates are all right, certainly against the French franc, but the pound might be a little cheaper against the D-Mark. Another important advantage would be stable interest rates. The record here over the last 12 months has been appalling."

Ronald Halstead, chairman and chief executive of the Beecham Group: "Yes, we should go in as soon as is practicable. EEC currency movements are not particularly disturbing but I favour moves towards a European currency that will act as counterweight to the dollar and perhaps dampen its fluctuations. The current exchange rate of the pound in Europe is acceptable. Our costs are lower in the UK than in Germany so there's no problem there."

Robert Horton, managing director, British Petroleum: "I firmly believe it's a good idea, but that the timing isn't right. The Government should first profit from any decline in the dollar to bring interest rates down and allow sterling to fall against the D-Mark. UK production costs are only marginally competitive at the moment."

James Moffat, deputy managing director of Wedgwood: "I want sterling in because it would lead to a material reduction in interest rates. The range goes from 7 per cent for the Germans to 14 per cent for the Italians. I think Britain would do it in somewhere above Italy and France but below Holland and Germany and have interest rates of 9-10 per cent. But the timing is important because at DM 3.60 the pound is still overvalued."

Denis Allport, chairman and chief executive of Metal Box: "Britain should join the exchange rate mechanism because it would help damp down short-term fluctuations between sterling and the EEC currencies and would force the Chancellor to pay more attention to the impact on the exchange rate of his economic and fiscal policies. There would be a greater availability of central bank funds to support sterling in short periods of foreign exchange turbulence. The current DM/£ exchange rate could possibly be an appropriate rate for sterling to join."

The Treasury says that the following words from Mr Nigel Lawson, the Chancellor of the Exchequer, still sum up the British Government's position: "This matter is continually under review, and I do not wish to prejudge what will happen eventually."

of payments for ECGD losses. But confidence in sterling is too fragile for the Chancellor to want deliberately to run a substantially higher PSBR to offset the effects of higher interest rates. Thus a policy of tightening (for example, lower money not offset by much fiscal loosening) is more likely than a change in the "mix".

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MTFS - 1984 VERSION

	% Increase	1984-85	1985-86	1986-87	1987-88	1988-89
Nominal GDP	8	7	6	5	5	5
Sterling M2	6 to 10	5 to 9	4 to 8	3 to 7	2 to 6	
Narrow Money (M0)	4 to 8	3 to 7	2 to 6	1 to 5	0 to 4	
PSBR (% of GDP)	2 1/2	2	2	1 1/2	1 1/2	

Source: 1984 Financial Statement

Change in the City

From Mr D. Lewis

Sir—The proposed fundamental changes in the regulations relating to investment both inside and outside the Stock Exchange will have far reaching implications for the investing public, which may well, on past experience, operate to its wide disadvantage.

Experience has surely demonstrated that abolition of recommended fees would almost certainly lead to increased costs to the public. Both the Law Society and the Royal Institute of Chartered Surveyors were forced to abandon scale fees for legal and estate agency work. The result has been that while major institutions are able to negotiate fees on large transactions the general public in practice is paying anything up to twice the rate of the old scales. This is little reason to assume that with the proposed elimination of Stock Exchange fixed scales any different result will occur.

The intended creation of all purpose investment firms buying or selling stock as principals not agents, eliminating the distinction between the vendor or purchaser of stock and the intermediary acting on behalf of the buyer or seller will turn a professional relationship into commercial bargaining. "Caveat emptor" will be the over-riding consideration. Surely this is a retrograde step. Again, large institutions will be able to exercise their massive bargaining strength to advantage. The general public will probably make up the difference in margins.

One can only anticipate with foreboding the proliferation of small investment firms offering proposals to the public outside the regulations of the Stock Exchange. The wider public tends to be more impressed by the glossiness of a prospectus than the solidity of its contents. This is surely an area where the principle of open competition should be tempered by the knowledge of how the area of activity where prevention is better than cure this would be a prime example. When money has been applied it is rare indeed for the unprofessional investor to get it back notwithstanding subsequent legal efforts.

The conclusion is that the existing system operated by the Stock Exchange is one that by and large operates for the public good. No doubt it could be improved but eliminating fixed fee scales endangering the concept of independent and impartial advice on investment decisions, and encouraging

Letters to the Editor

loosely controlled investment promoters, appears far from the best way of doing so.

These matters should be reconsidered. Build around and if necessary give greater strength to a well tried stock exchange system. Do not discard it. Look for the benefit of other professional activities and examine what has happened in practice not theory. Above all consider with the utmost care, the actions of the Corporation of Lloyd's who with the benefit of hindsight, not foresight, are implementing changes exactly opposite those proposed for the Stock Exchange. David Lewis, 76, Gloucester Place, W.1.

International arbitration

From the Secretary General, International Chamber of Commerce

Sir—In his letter of March 8, on the costs of ICC arbitration, Mr F. M. Ventris ignores a number of important facts, and distorts others.

The arbitration in question lasted for longer than the "one day" Mr Ventris alleges. He will recall that his company was informed more than a year before the award was rendered that the likely cost of arbitration would be \$25,000. Mr Ventris will also agree that his company deliberately opted for arbitration by a tribunal of three ICC arbitrators over the less costly procedure before a sole ICC arbitrator, which perhaps would have been preferable given the relatively modest amount at stake in this particular case.

Obviously, no company should draft an ICC arbitration clause into any contract it signs "without appreciating what the consequences may be," as Mr Ventris puts it. But once fully appreciated, these consequences are beneficial. While in certain cases arbitration under other rules may well be less expensive than ICC arbitration, Mr Ventris is surely aware of the features which make ICC arbitration both unique and well worth the costs it incurs.

These features include predictability of costs, arbitration supervised by a peerless international body of experienced national and international lawyers and businessmen, and encouraging

notification of the parties, and thorough administration of each case by a permanent secretariat in Paris. Other exclusive services to parties range from technical assistance to information on legislation, conventions and enforcement of arbitral awards around the world. Hans Koenig, 38 Cours Albert Ier, 75008, Paris.

Action on car pollution

From the Director, Society of Motor Manufacturers and Traders

Sir—I refer to your leading article (March 7) on the need for quick action on car pollution. I would stress that the UK motor industry is as anxious as anyone to address the problem and to protect the environment. But how?

First, the common fallacies. It is untrue that catalytic converters can be made available now on all engines. For these manufacturers who do not currently make engines fitted with this complicated system, the lead time for production is similar to that for lean-burn engines. It is untrue that the lean-burn engine will not be available until well into the 1990s. In fact you will see one from a motor manufacturer in British showrooms later this year.

American experience has shown that catalytic converter systems are expensive (about £400-£500 on the price of a new car), use about 5 per cent more fuel, have a finite life and are vulnerable to misuse. Moreover, the system only works properly when hot and, as traffic conditions in Europe are so different from those in the U.S., even well-maintained catalyst systems are likely to be less effective here. In use, since the car runs just as well—if not better—with an inoperative system, there is no incentive to maintain it. In addition a poisoned system produces more pollutants than today's engine with no catalytic converter.

The Department of Transport estimates that, in the UK alone, these additional costs would mean that motorists would have to find a staggering extra £2bn a year. Such a reduction in spending power could have a

serious effect on the new car market in the UK, with the attendant problems of lost jobs, lost exports and industrial recession.

The lean-burn approach provides low emission, fuel efficient engines that are resistant to misuse and tolerate residual lead levels at a cost far below that of the vulnerable catalyst system. Furthermore, it will mean cars travelling 10 per cent further on a gallon of fuel than they do now—a valuable contribution to conservation of our national resources.

We believe that to jettison the advantages of lean-burn technology through excessively stringent limits or dilute at this stage of the important debate on the control of vehicle emissions would be to take a decisive step in the wrong direction. Anthony Fraser, Forbes House, Halkin Street, SW1.

Pasteurised milk

From the Deputy Chief Executive, Milk Marketing Board

Sir—With reference to a report in your issue of March 12 may we clarify the Milk Marketing Board's position on the question of pasteurised milk imports.

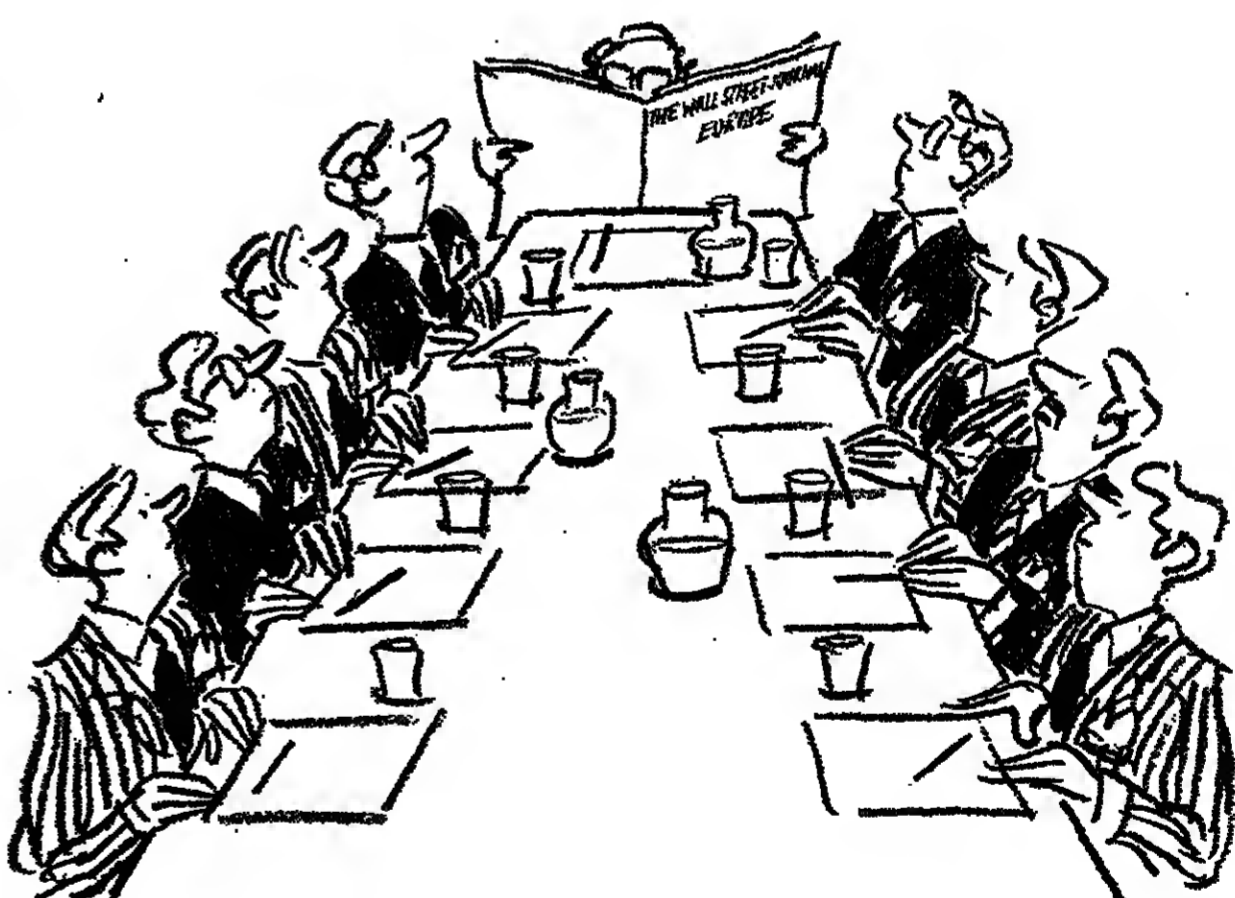
The Board has consistently supported the UK Government's view that such imports should not be permitted until common EC health and hygiene legislation on intra-Community trade in heat-treated milk is adopted, and enforced, by all member states. Negotiation of such legislation has been in progress for some time, and it is unfair to ask this country to change its own rules at this stage.

It should be made clear, too, that it will be the government, not the Board, which will be involved in any case brought by the European court on this issue. Peter Jackson, Thames Ditton, Surrey.

Nicely rounded figures

From Mr R. Read

Sir—Now that we have the £2 prescription and the £2 gallon, if the Government would bring out the £2 note the foreign exchanges could quote in £2 and we would get back to the 2.20 rate. R. Read, 111 Fitzpatn Road, Farncombe, Dorset.



Go STRAIGHT To THE TOP

THE WALL STREET JOURNAL EUROPE

EVERY BUSINESS DAY, ALL OVER EUROPE.



CONSTRUCTION EQUIPMENT
WHO SAID BRITISH ISN'T BEST?

FINANCIAL TIMES

Thursday March 14 1985

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ACCORD WITH JEUMONT-SCHNEIDER EXTENDS COLLABORATION POLICY

Office automation link for Bull

BY DAVID MARSH IN PARIS

BULL, the French nationalised computer group, and Jeumont-Schneider, one of the country's largest manufacturers of digital private branch telephone exchanges, yesterday announced a technical accord to connect their equipment for the expanding office automation market.

The agreement amounts to the first formal link-up by Bull with a telecommunications manufacturer. It adds up to a further step in its policy of collaborating with outside electronic groups to boost its competitive strength.

M. Philippe Picard, director of Bull's computer networks division, said the accord - which also involves a pooling of the two companies' maintenance teams for servicing customers' equipment - reflected the "absolute necessity" for co-operation with telephone companies.

Further technical link-ups to allow connection of Bull's computers with private telephone exchanges are being studied with other companies. Bull intends to sign such a deal with the state-owned Thomson group - which itself last year forged a similar tie-up with Hewlett Packard of the U.S., and accords with

foreign companies could also be signed on a "case-by-case" basis.

Jeumont-Schneider, which is part of the private sector Empain-Schneider conglomerate, has a range of activities in electronics, electrical engineering and transport. Telecommunications and office equipment make up about 20 per cent of its activities, amounting to annual sales of around FF1.1bn (\$107.5m).

Jeumont-Schneider has about 35 per cent of the French market for branch exchanges, with about 40 per cent held by the state Alcatel-Thomson group.

The company last year signed similar agreements with the U.S. Wang and Digital Equipment computer groups to improve its standing in the office automation market, but says it is too early to gauge the repercussions on sales.

These accords, like the one with Bull, allow wiring up of office equipment to enable voice and data communications over standard telephone lines.

M. Paul Denis, director of Jeumont-Schneider's telecommunications division, said that of the proliferation accords over the last year between international groups com-

peting in this field, not all the announcements of deals had been followed by marriages.

Because of the need to conclude technical tie-ups with a number of outside computer groups, "one has to be polygamous," he said. "But it can be extremely tiring."

The Bull-Jeumont-Schneider deal mainly concerns collaboration for the French market, but could be extended to other countries where the two companies have their own commercial networks. These include Belgium, Greece, the Middle East and areas of Asia.

Alcatel-Thomson has clinched a FF8m order to equip a housing estate near Dallas, Texas, with a cable television network using optical fibres.

Although the value of the contract is small, the group believes it represents the first U.S. order placed in this field with a foreign company.

Work will be carried out by the Alcatel-Thomson subsidiary IAT, which has recently received another large slice of government financial aid to plug heavy losses last year - partly the result of a slow start to ordering for France's own cable television plan.

LITT will carry out the wiring up of the first 500 homes in the first half of 1985. The total contract covers the cabling of a 2,300-home community at Lake Forest in the Dallas suburbs, being developed by Suburban American Company, a property group.

The system should allow residents on the estate to receive 20 television channels, combined with satellite TV networks and remote control electronic systems designed to guard against fires and burglaries.

The contract comes as part of a big effort by French electronics companies to profit from U.S. telecommunications deregulation by staking a foothold in the American market.

In another contract which France also regards as of symbolic importance, Telesystems, the computer services group which is owned by the Direction Generale des Telecommunications, the French telecommunications authority, has just signed two U.S. videotex contracts for New York's La Guardia airport and for the Tyntex consortium which is commercialising domestic videotex services.

Chief of Unocal hits at bank lending for takeovers

By William Hall in New York

THE Federal Reserve, the U.S. central bank, has been urged to curb the use of bank loans to finance the current U.S. merger boom. Banks are encouraging "reckless activity," which could lead to a new wave of bankruptcies and bank failures, a leading oil industry official charged yesterday.

Standard Oil Company (Indiana) the second most profitable U.S. oil company, plans to seek shareholder approval at its next annual meeting on April 23, for measures to strengthen the group's defences against unwelcome takeovers. The group is introducing staggered terms for its directors, and a rule that directors can be dismissed only by a 75 per cent majority of shareholders. It will also amend its articles to permit the issue of non-voting preferred stock. Page 29

Mr Fred Hartley, chairman of Unocal, a West Coast oil company which is under attack by Wall Street predators, has issued one of the strongest condemnations so far of bank involvement in financing the current spate of mergers. He indicated that the once-harmonious relations between banks and the big oil companies had all but collapsed.

In a strong letter to Mr Paul Volcker, chairman of the U.S. Federal Reserve, Mr Hartley has described in graphic detail the concerns being felt in many U.S. boardrooms about the activities of the increasingly confident band of corporate predators roaming Wall Street.

The beleaguered oil company warns that "corporate raiders and their bankers and brokers are engaging in stock and bond and credit schemes reminiscent of those of the 1920s - but on a multi-billion dollar scale."

Mr Hartley feels particularly incensed because Security Pacific, Unocal's lead bank for more than 40 years, is helping finance the purchase by Mr P. Sonoma Piskens - the best known Wall Street predator - of Unocal shares ahead of what analysts believe will be another fierce takeover battle. Unocal has launched a \$555m law suit against Security Pacific, alleging breaches in its fiduciary duty, deceit and deception. It has backed up the suit with a strong complaint to Security Pacific's main regulator.

Unocal, in common with a growing number of oil companies, believes the banks are exacerbating the takeover frenzy by agreeing to finance the predators.

Eximbank loans for Colombian coal mine

By Nancy Dunne in Washington

THE U.S. Export-Import Bank has approved a \$130m loan and a guarantee of \$40m for private sector lending to finance the sale of U.S. goods and services to the multi-billion dollar Cerrejón coal mining project in Colombia.

The loans will facilitate sales of railway and mining equipment, trucks, plant and engineering services to the project for nine U.S. companies. These include General Electric, Otis Freight Car, Dresser Industries, Ingersoll-Rand, Caterpillar, Goodyear Tire and Rubber, Atlas Powder, Harbisonfeger, Terex and Morrison Knudsen.

Eximbank says the financing will generate sales worth \$200m for the project, the world's largest open-pit coal mine. Cerrejón is a joint venture between Carboenergía, a Colombian, the Colombian Government-owned coal development agency, and International Colombia Resources, a subsidiary of Exxon.

The Reagan Administration has sought to end the bank's direct lending programme, which is supplying the \$130m loan for this project. Last week, however, the Senate budget committee rejected the proposal and authorised \$1.25bn in direct loans for 1985.

It specified that \$250m of that amount could be used for an interest-subsidy scheme the Administration has been recommending in place of direct lending.

The committee said the direct lending programme could be used to respond to mixed-credit competition or to match concessional loans offered by U.S. competitors.

THE LEX COLUMN

BNOC scrapes its final barrel

Rationality is not exactly a byword for the behaviour of the oil market. Nor is it the first characteristic of most people would attribute to the British National Oil Corporation, an event which two or three months ago could have been relied upon to knock \$2 off the oil price and 5 cents off sterling, was met yesterday with the studied indifference which common sense suggests: the abolition of the Government's oil trading arm should, in the end, make very little practical difference to anyone.

There may be some resentment within Opec at the loss of an unofficial outsider to the cartel. Nigeria, in particular, may feel itself under some pressure, seeing the abandonment of price-fixing as tantamount to a cut in the official price. But since that notion is currently measured in cents rather than dollars, the UK Department of Energy probably need not fear disorderly reprisals from official members of Opec, and a slump in the dollar price of North Sea crude.

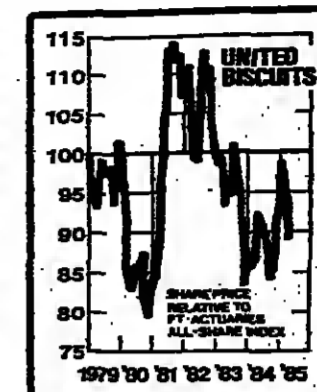
In the absence of a depletion policy, the cost of BNOC's operations - trading oil at negative margins - brought no tangible benefit if BNOC had never existed if it would have been quite unnecessary to establish it. But there is a slight wrinkle that the sudden demise of the North Sea's largest trader may throw the market out of gear for a while, at least until the smaller producers have established the best way to dispose of their liftings - most probably by contract sales to the likes of BP, Shell and Esso.

United Biscuits

Sir Hector Leung has charitably left the London stock market alone since 1980, after tapping it three times in the previous five years. Though shareholders might feel that they have not been too amply rewarded at the earnings per share level since the last rights issue, yesterday's call at least has a credible rationale - even if United Biscuits does appear to be churning out paper as fast as chewing gum.

These are indeed the problems. With margins crumbling at Keebler, the U.S. subsidiary, and flour still flying in the cookie war, Sir Hector needs to sink \$30m into the venture this year to add to 1984's \$20m.

Now that he is fighting the mighty Procter & Gamble on its home ground he has very little choice - if he does not pay up, he



might as well pull out. With no sign of the pressure easing, shareholders have to put their faith in Keebler's ability both to stand up to P & G and to win enough market share from the smaller players to add some fat to its margins.

On 1984's record, though, it might not be the worst blind punt one could make. An overall 3 per cent rise in pre-tax profits at UB disguises an extremely successful year in the UK, with margins and market share rising in biscuits, snacks, fast food and confectionery. Even in the U.S., 21 per cent volume gains must be encouraging.

This year Keebler should be less of a drag on the rest of the group and the proceeds of the rights issue will bring gearing down from 82 to 38 per cent, taking more than 50m off the interest charge.

Assuming UB makes £105m, the shares, down 4p at 180p, stand on a prospective p/e of about 9, about par for the sector.

Sears/Foster

The City of London has become such a gentlemanly place of late that takeover bids at conciliatory prices are suddenly the norm. The Al-Fayed brothers set the tone last week, to be quickly joined by Sir Owen Green, with a threefold increase in his valuation of Dunlop. Yesterday Harrison's & Crossfield took the palm for generosity with the second increase in its offer to Pauls; but it was run close by Sears Holdings, which showed itself willing to pay a small fortune for the agreement of a Foster management which has scarcely shone.

Sears has been trying for years to expand its UK retailing presence. But the restless ghost of Sir Charles Clore will scarcely be placated by an exit p/e of more than 20 and

goodwill of at least £50m for a group that made the princely sum of £1.7m before tax in the year to February. Mr Philip Hargreaves of Ward White, who knows no more about menswear than Sears, but has a shallower pocket, may be glad at escaping so lightly.

Foster shareholders should at once accept Sears' splendid offer, for it is unlikely to be repeated. For shareholders in Sears, the terms are less simple since their annual earnings - which were supposed to be sacrosanct - will be diluted this year even with some £10m taken from Foster.

In fairness, Sears could hardly have acquired 746 UK shares otherwise without the usual assistance of the Office of Fair Trading. At this time, there does not look much of a case for reference simply on the basis of footwear concessions. As a group with a broad spread, Sears is better suited than Ward White to work in Foster's mixed retail ranges. And by 1986, when it should be contributing £15m to the price will be history.

BTR/Dunlop

Dunlop's death of a thousand cuts seems not quite to have killed the company after all. According to the BTR offer document published yesterday, the group had year-end shareholders' funds of £50m while, if minorities are added in, it is even possible to argue that BTR is buying Dunlop for less than net worth.

These calculations are by now pretty academic. The main point to arise from the document is that the combined group will start life with net debt and shareholders' funds of about £10m apiece. That admittedly assumes full cash acceptance of the BTR offer which - as the players had been worth a p/e of 10 - is somewhat conservative. Even without further disposals, BTR could bring the debt/equity ratio down to around 85 per cent by the end of this year with a further reduction on the cards for 1986.

BTR has been down this road before - gearing was around 100 per cent after its takeover of Thomas Tilling. If anything, the scope for profit gains is greater this time round. BTR should be able to add two percentage points to Dunlop's margins - worth £30m at the trading level - in year one, and Dunlop's £200m of tax losses represent an added bonus of very considerable proportions.

British Aerospace share sale in May

By Michael Dunne and Alexander Nicoll in London

THE PUBLIC offering of the UK Government's remaining stake in British Aerospace will take place in early May. It will be marketed on a scale exceeded only by last year's privatisation of British Telecom.

At yesterday's closing price of 368p, down 7p, the sale of the Government's 48.4 per cent, which is to be coupled with a rights issue by the company itself, could raise more than £500m.

Unlike the British Telecom sale BAE aims to attract relatively knowledgeable small shareholders rather than first-time investors because of the higher degree of risk and the likelihood that returns on investment could be further in the future.

Kleinwort Benson, the merchant bank which handled the BT sale and is BAE's financial adviser, and Lazard Brothers, which is advising the Government, yesterday hosted a briefing for 16 stockbroking firms which will form a regionally organised marketing structure.

Hoare Govett, BAE's brokers, and Cazenove, acting for the Government, will be joined by 14 smaller firms from throughout the country.

A further parallel with the BT offer is that commissions will be offered to brokers and dealers acting as intermediaries for successful buyers. The fees, however, will be lower at 14 per cent of the value up to a £10,000 purchase, compared with 2 per cent for BT.

The preliminary results for British Aerospace for 1984 are to be published in late March. For 1983, the group, which is involved in aircraft, missile and spacecraft manufacturing, earned a pre-tax profit of £22.3m on a turnover of more than £2.3bn.

A statement by Sir Austin Pearce, chairman said that following the preliminary results, the company would call an extraordinary general meeting to approve the proposed offer, including arrangements for the Government to retain a "golden share" to prevent the group from falling into overseas ownership.

The full accounts, with a preliminary prospectus, will be issued some time in April. Existing shareholders will be allowed to acquire new shares pro rata. The Government will not take up its own preferential entitlement to any of the new shares. Employees will receive preferential allocations of up to 5m of the shares being sold by the Government.

The Government's share sale, covering its 98.85m shares, is expected to raise more than £300m (£388m).

Euro MPs seek action on U.S. curbs on transfer of technology

BY CHRISTIAN TYLER, TRADE EDITOR, IN LONDON

EUROPEAN MPs are calling for a strong EEC protest, and retaliation if necessary, against U.S. restrictions on the transfer of technology to European companies.

They have condemned the restrictions as a breach of international trade law, an abuse of U.S. dominance in the field, and as putting a stranglehold on Europe's own development.

The complaints are spelled out in a draft opinion being discussed by the European Parliament's committee on economic and monetary affairs and industrial policy.

Apparently not yet endorsed, the opinion is destined for the external economic relations committee which is drawing up a report on Cocom, the informal committee of

Nato countries and Japan that vets sales of militarily useful technology to the Soviet bloc and China.

A similar analysis is contained in a report commissioned by the Organisation for Economic Co-operation and Development which was leaked in London yesterday.

It was claimed that this report by Mr Stuart Macdonald of the University of Queensland in Australia, has been suppressed by the OECD in Paris at the insistence of U.S. officials.

Neither the OECD secretariat nor the U.S. mission to the OECD was able last night to confirm the allegation. Mr Paddy Ashdown, the British Liberal MP who has pursued the issue in the UK parliament, called yesterday for early publication of the report.

The draft opinion drawn up for the Euro-MPs claims that the U.S. is seeking to protect its dominance "under the cover of secrecy and in the guise of foreign policy." It calls on the Community to set up a U.S.-EEC committee to avert a crisis in the Western alliance and make good the alleged deficiencies of Cocom.

Mr Macdonald's 58-page report, The Sisyphus Syndrome, claims the allies suspect that U.S. companies are able to manipulate the Cocom system for commercial advantage. He claims too that if the controls were successful - which he argues they cannot be - allied countries would suffer more than the Soviet bloc.

OECD committee fails to settle dispute on mixed credits use

BY PAUL BETTS IN PARIS

INDUSTRIALISED countries failed to make progress in resolving their long-running dispute over the use of mixed credits to support export deals at a meeting in Paris of the so-called Export-Credit Consensus of the Organisation for Economic Co-operation and Development (OECD).

The issue will now have to be taken up again by OECD ministers, and is likely to hang heavily over the organisation's annual ministerial council meeting next month.

Mr John Lange, director of trade finance at the U.S. Treasury, said yesterday the Paris meeting ended in stalemate and the European Community came up with no new proposals.

The U.S. is pressing the EEC to agree to adopt new procedures to restrict the use of mixed credits, exports subsidised with foreign aid funds.

It is especially irritated with France, which it claims makes the largest abuse of mixed credits. Mr Lange quoted OECD figures showing that of total \$6.4bn tied aid credits made by industrialised countries in 1982 France accounted for as much as \$2bn. In 1983 France accounted for \$1.4bn out of a total of \$3.7bn in tied aid credits.

The U.S. objects in particular to the use of these credits to support industrial sectors with high rates of return, like telecommunications and transport.

Mr Lange said almost half the mixed credits made in these sectors came from France. He cited as an example the decision by France to support a telecommunications contract in Cyprus with a mixed credit.

Mr Lange said, however, the U.S. did not envisage "throwing the gambler" at this stage but was still hoping to reach a consensus on the way to restrict the use of mixed credits. He suggested it was not a major trade issue and that it was "almost silly" that it had got so much attention. There were only about 20 cases a year that caused a problem.

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World Weather


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SECTION II - INTERNATIONAL COMPANIES

FINANCIAL TIMES

Thursday March 14 1985

TAYLOR WOODROW

TEAMWORK IN ENGINEERING
WORLDWIDE

Woolworth earnings jump 20% in year

By Terry Dodsworth in New York
F. W. WOOLWORTH, the U.S. stores group, achieved record operating profits last year, as net income jumped by 20 per cent to \$141m, or \$4.45 a share, from \$118m, or \$3.72.
In the fourth quarter, which included the important Christmas season, earnings rose by 14 per cent to \$32m, or \$2.01 a share, from \$28m, or \$2.56.
The earnings increase was achieved on a modest 5.2 per cent upswing in sales from \$5.4bn to \$5.74bn in the year, and a 3.8 per cent rise from \$1.69bn to \$1.76bn in the quarter.
The company said that the increase in profits was attributable to its U.S. operations.
Overseas, however, it was hit by the dollar's strength, with foreign operating income falling by \$3m. Woolworth indicated that without the decline in the value of foreign currencies relative to the dollar, foreign income would have risen by around \$4m.

Rescue bid for Castle & Cooke

By Our New York Staff
MR DAVID MURDOCK, the U.S. financier, has come to the rescue of Castle & Cooke, the troubled food products and property company, through a reverse takeover of his Flexi-Van group.
Castle & Cooke, which lost \$63.9m on revenues of \$784m in the first half of its latest financial year, is to take over Flexi-Van, which earned \$21.4m on sales of \$185.3m in 1984. Under the agreement each of Flexi-Van's 8.2m shares will be converted into 2.2 shares of Castle & Cooke and 1.1 shares of a new series of Castle & Cooke voting convertible preferred stock.

Standard Indiana to strengthen defences against hostile bids

BY WILLIAM HALL IN NEW YORK

STANDARD OIL Company (Indiana), the second most profitable U.S. oil company, plans to seek shareholder approval at its next annual meeting on April 23 for measures to insulate it from unwelcome takeovers.

The giant Chicago-based company, which has a stock market capitalisation of \$17.3bn, is amending its articles of incorporation.

It is the latest in a growing string of oil companies to strengthen their defences against unwelcome takeovers, after the surprise takeover of Gulf Oil, the fifth biggest U.S. oil company last year, and the raid on Phillips Petroleum early this year.

The company is introducing a board of directors with staggered terms and a rule that directors can only be dismissed by a 75 per cent majority of all shareholders as opposed to a simple majority. It is also

amending its articles to permit the issue of non-voting preferred stock.

The company's proxy statement says that these two features may be regarded as having anti-takeover aspects. It says, however, that it has no reason to believe that anybody is attempting to take over the company or would wish to do so.

Nevertheless, it says that "the board of directors believes that the interests of shareholders are best served by the stability and continuity that have characterised the board of directors of the company for many years" and that the amended article would promote the company's long-range business policies.

Under its current bylaws its 18-strong board of directors comes up for replacement every year. Under the new bylaw, directors will serve for three-year terms.

New shake-up ahead for Philipp Brothers

BY OUR NEW YORK STAFF

PHIBRO-Salomon, the Wall Street investment banking and commodities trading group, has announced a further management reorganisation of its Philipp Brothers non-oil commodity marketing business.

The plan represents the group's latest attempt to bolster the flagging financial fortunes of Philipp Brothers, whose non-oil commodities business posted pre-tax profits last year of \$13m, compared with \$107m in 1983.

Phibro-Salomon last month reported a fourth-quarter net loss and sharply reduced full-year net earnings, mainly as a result of a write-off of its Beaufort Sea oil interests, the reorganisation of Philipp Brothers

non-oil commodities activities and reduced earnings from commodities trading.

Under the latest management changes, announced by Mr Alan Flacks, who took over as chairman and chief executive of Philipp Brothers in October, an internal nine-strong executive committee has been set up to run the non-oil commodities business.

The new management committee, which will be led by Mr Flacks, will bring together other senior group executives including Mr Walter Baker, Phibro-Salomon's chief financial officer, and senior commodities specialists from New York, Europe and Japan.

Creditors of Deak to hire First Boston

By William Hall in New York

CREDITORS of Deak & Company, parent of the Deak-Perera money changing and international banking group, parts of which have filed for protection under Chapter 11 of the U.S. bankruptcy code, are planning to hire First Boston, the New York investment bank, to advise them on the best way of recovering the \$60m-plus owed by Deak and its affiliates.

The move by Deak's official creditors committee comes as evidence grows that the mystery party whose intervention earlier this month led to the postponement of the sale of Deak's Swiss bank, Focobank, is no longer interested in bidding for the whole Deak-Perera financial empire.

Cadwalader, Wickersham & Taft, the New York law firm representing Deak's mystery saviour, said yesterday that its client had dropped out of the running for the group, which includes the oldest and largest foreign currency and precious metals retailer in the U.S., and banks in Switzerland, Austria, the Cayman Islands and the U.S.

Other lawyers close to the negotiations said they believed the client was still interested. If no interested party steps forward with a plan to finance the reorganisation of Deak at the next court hearing on April 12, creditors are expected to ask First Boston to begin a worldwide marketing programme to sell the group either as a whole or piecemeal.

Although several parts of the Deak empire have been up for sale for more than a year and have been looked over by everyone from a West Coast U.S. bank to Bank Leu of Switzerland and Charterhouse Rothschild of the UK, no disposals have been effected.

AT&T considers links with Japanese groups

BY PAUL TAYLOR IN NEW YORK

AT&T, the U.S. telecommunications group, is understood to be discussing strategic links with Japanese telecommunications groups - including a possible joint venture with Toshiba - as part of a major push into the Japanese telecommunications market.

Mr Yoji Wakayama, manager of Toshiba's international public communications section, said yesterday that "negotiations are going on," but he added, "we cannot comment on them yet."

In the U.S. AT&T International confirmed that it would be attending a major trade fair in Tokyo later this month when some industry analysts expect a formal announcement to be made.

AT&T, while declining to com-

ment on press reports that an agreement with Toshiba is imminent, said: "We are most certainly going to the Comdex show... we will probably be able to discuss strategy a little more at that time."

Speculation about possible marketing links between AT&T and Japanese companies has intensified recently as Japan prepares to launch Nippon Telegraph and Telephone, the state-owned monopoly, into the private sector.

U.S. companies, and the U.S. Government, have been pressing hard for greater access to the booming Japanese telecommunications market, estimated to be worth around \$7bn a year.

Last year U.S. companies' share of the market amounted to a very

modest \$130m, while Japan sold around \$2bn of telecommunications equipment in the U.S.

According to recent Japanese press reports the AT&T and Toshiba joint venture would focus on marketing the U.S. group's digital telephone switching equipment in the Japanese market. The reports have suggested that similar joint ventures with Ricoh and Olivetti Japan are being considered.

AT&T has several international joint ventures and marketing agreements, including a joint venture with Philips of the Netherlands, a marketing agreement and 25 per cent equity stake in Olivetti and a Korean joint-venture manufacturing group.

Dofasco to issue preferred stock

By Robert Gibbons in Montreal

DOFASCO, Canada's third largest and most profitable steelmaker, is planning a C\$35m (U.S.\$233m) preferred stock issue, raising speculation that its management is trying to dilute a 12 per cent holding by Ivaco, a smaller but very aggressive steel company.

The new shares carry votes and are convertible one-for-one into Dofasco common stock for 10 years. Dofasco says the funds will be used to finance its C\$1bn capital programme, and possibly to expand business, inside and outside steel. Earlier Dofasco said its capital programme would be financed from internal resources.

Analysts point to the potential dilution of the new convertible preferred issue, however. It could increase the number of common shares outstanding by 20 per cent. In this way it would become a large potential target should Ivaco seek ultimate control.

Ivaco is the largest single shareholder in Dofasco. When its holdings recently reached 12 per cent, Dofasco indicated in a public statement that further Ivaco advances would not be welcome.

Dofasco says the preferred issue is not designed to dilute the Ivaco holding, or to force Ivaco to put up another \$85m to maintain its 12 per cent stake.

Mr Paul Ivanier, president of Ivaco, would say only that his company "is studying its options." He would give no indication whether Ivaco would take up any of the new preferred. Ivaco has sales of more than C\$1bn.

● Bell Canada Enterprises, the holding company controlling the Bell Canada telecommunications utility and 80 non-regulated businesses, is again expanding in printing. Through its U.S. printing subsidiary Case-Hoyt it is buying the Great Lakes Press group, of Rochester, New York.

ITT profit slides despite sales rise

BY OUR NEW YORK STAFF

ITT, the U.S. conglomerate which recently announced an aggressive divestment programme, suffered a 34 per cent decline in net income last year despite a 5.4 per cent increase in sales from \$18.6bn to \$19.6bn.

Earnings fell to \$448m, or \$2.97 a share, from \$675m, or \$4.50 a share, mainly because of difficult conditions in the property and casualty insurance business, forest products and certain communications equipment markets.

In the fourth quarter net income amounted to \$175m, or \$1.16 a share, down 37 per cent from \$278m, or \$1.86 a share in the previous year. Sales in the quarter amounted to \$5.4bn, against \$5.2bn. For the year and the quarter, the sales figures included revenues from the company's insurance and finance activities, which contrib-

uted \$6.9bn for the 12 months, against \$6.1bn in 1983, and \$1.8bn in the final quarter compared with \$1.6bn.

The profits figures for 1983 also took in a \$124m gain from the sale of the Continental Baking Company, which was partly offset by a \$71m provision against the sale of the group's telecommunications manufacturing facilities in Argentina.

Charges were also taken against the "questionable" future viability of ITT's consumer products companies in several countries in southern Africa and its nuclear pipe manufacturing operations in North Carolina, Kentucky and Ohio.

Net income also benefited from a \$55m non-operating gain from the recognition of the increase in value of the group's investment in Standard Telephones and Cables (STC),

Low-fare U.S. airline expects loss in quarter

By Our Financial Staff

PEOPLE EXPRESS, the cut price U.S. air carrier which has been hit by rising costs and the increasingly bitter domestic air fares war, warned yesterday that it expects to post a first-quarter loss.

The airline, which incurred a \$3.96m fourth-quarter deficit, said it believed it lost \$20m to \$25m before preferred dividend requirements in January and February, but the total loss for the quarter is expected to be less because of fare increases and cost reductions. In the first quarter of 1984, People Express earned \$18,000 on revenues of \$108.1m.

The company attributed the "disappointing" first-quarter results to the "cumulative effects of commencing service to 13 new cities since June 1, 1984, and weak seasonal traffic in the fourth quarter of 1984 and the first two months of 1985."

New Issue

All these Securities having been sold, this announcement appears as a matter of record only.

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March 1985

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INTL. COMPANIES & FINANCE

Furama Hotel plans share offer to gain recognition

By DAVID DODWELL IN HONG KONG

FURAMA HOTEL Enterprises, the private Hong Kong group whose main asset is the Furama Inter-continental Hotel, has announced plans to offer for sale 25 per cent of its issued shares as a means of gaining "wider public recognition."

The hotel group, which is controlled by the Fu family in Hong Kong, will offer 33.25m shares, at K\$4.80 a share. The offer has been underwritten by Wardley, Hoare, Govett and Hang Seng Finance, and will raise HK\$160m (US\$20.5m).

The flotation is the first in Hong Kong since early January, when a public offer by National Electronic, the watch manufacturer, was six times oversubscribed. While the local stock markets are less bullish now than at the time of the hotel sector's recent buoyant rise, the past year as tourist arrivals have risen to record levels.

In a prospectus to be issued tomorrow the group says it has no immediate funding needs, but aims to win wider recognition through the offer. The 571-room Furama Inter-

continental is one of Hong Kong's leading hotels. It was built in 1973, and a major renovation of its lobby area has recently been completed. The hotel has been valued at just under HK\$670m.

Applications for shares will be received up to noon next Tuesday, March 19. Successful applicants will be notified by March 23, and dealings in Furama shares are expected to begin on April 2.

Japan Air Lines, Japan's publicly-listed government-affiliated international airline, plans to build a US\$66.7m hotel in Hong Kong in a joint venture with Japanese and Chinese investors, said Robert Cottrell from Tokyo.

The new hotel, to be called the Nikko Hongkong, will be owned 70 per cent by Japan Air Lines Development Company, a JAL subsidiary. The minority shareholding is to be equally divided between Kusanagi Gumi, the Japanese construction company; Shum Yip Development Company, a Hong Kong company owned by the regional government of China's Shenzhen special economic zone; and the municipal authorities of Zhuhai.

Shenzhen was one of the first of China's coastal regions to be opened up to foreign trade and investment. It lies just across the border from Hong Kong, and has developed numerous close commercial ties with the British-run territory.

The 450-room Nikko Hong Kong will be located in the territory's Tsingachui tourist district on the Kowloon shore of Hong Kong harbour. JAL expects the new hotel to yield gross revenues of US\$ 22m in its first year of operations, based on the 88 per cent average occupancy rate enjoyed by major Hong Kong hotels in 1984, and with overseas arrivals to the territory showing an annual growth rate of 8.8 per cent.

JAL also announced yesterday that it had paid US\$ 7.36m for control of the Manila Garden Hotel in the Makati district of the Philippines' capital, Manila. It said that through deals last year with shareholders including the Development Bank of the Philippines, it had acquired 73.8 per cent of the hotel's equity.

Net profits at Promet show 48% decline

By Wong Sukong in Kuala Lumpur

PRE-TAX earnings of Promet, the Malaysian-Singapore marine engineering and repairs group, fell by 41 per cent to 68m ringgit (US\$27m) for 1984 as the group felt the full impact of the downturn in the offshore oil rig and construction industries.

Profits after tax and minority interests fell by 48 per cent to 33m ringgit, while turnover declined by 12 per cent to 327m ringgit. As a result of the group's thrust into oil exploration and property development, interest charges on borrowings jumped to 24m ringgit from 11m ringgit.

During the year, Promet shares have been the subject of heavy selling by foreign institutional investors, particularly from the UK, in anticipation of poor results.

Investors were also concerned with the poor overseas response to Promet's 20m ringgit tender project at Langkawi Island in northern Malaysia as well as disappointing results of its oil exploration ventures.

With its shares trading at 23 ringgit, Promet's current market capitalisation is just over 600m ringgit compared with 1,080m ringgit at the end of 1983.

The dividend is unchanged at 5 cents and the directors expect earnings for 1985 to be not less than those for 1984.

Sharp advance at Fletcher Challenge

By Our Financial Staff

FLETCHER CHALLENGE New Zealand's largest company which has interests in forest products, pulp and paper, property, building, financial services, and agriculture, has announced a substantial increase in earnings for the six months ended last December.

On the modified historical cost basis favoured by the company, the unaudited group figures show a 53 per cent increase to NZ\$288.8m (US\$44m) from NZ\$188.5m. On a historical cost basis, the figures show an increase in earnings to NZ\$104.6m from NZ\$70.2m a year earlier. Sales reached NZ\$2.19bn against NZ\$1.69bn.

Mr Ron Trotter, chairman, said a combination of factors had made the half year "a uniquely favourable trading period."

Fletcher Challenge enjoyed strong growth in the U.S. and Australia, as well as the benefits of last year's pre-election stimulation of the domestic economy, the devaluation of the New Zealand dollar, and good weather. Production difficulties in pulp and losses in meat trading were more than offset.

Mr Trotter expressed confidence that full-year profits would "comfortably exceed" the forecast of NZ\$160m given last November.

An interim dividend of 10.5 cents a share is being paid, against 8.5 cents last year.

NEWMASS, the major tourist and transport operator, which also has mineral and agricultural interests, boosted trading profit by 83.6 per cent to NZ\$6.9m (US\$2.6m) in the six months ended December and also made a capital profit of NZ\$4.1m. Sales were NZ\$62.8m against NZ\$44.5m. Dai Hayward adds from Wellington.

The company launched New Zealand's third major airline in February but the results contain none of the airline operations. Although all divisions showed healthy increases in profit, the main growth came from tourist-based activities. The company is paying an interim dividend of 5 cents a share.

Higher interest and tax hit results at Cape Wine

By JIM JONES IN JOHANNESBURG

CAPE WINE AND DISTILLERS (CWD), which has a near monopoly of the South African wine and spirits market, increased the number of retail liquor outlets under its control in the six months ended December 31 1984 but nevertheless suffered from virtually stagnant sales volumes. Turnover figures are not disclosed, but the company reports that first-half sales were 11.5 per cent higher in value than a year ago.

First-half trading profit increased to R59.2m (\$29.6m) from R58.5m but higher interest and tax charges led to a reduction in net profit to R24m from R30m.

Turnover rose by 10.3 per cent in the full year ended June 30 1984, trading profit totalled R104.4m and after-tax profit R45.1m.

The directors are gloomy over immediate trading prospects. Mr Owen Horwood, the chairman, warns that economic conditions will deteriorate and result in a decrease in profits for the full financial year.

The interim dividend has been maintained at 6 cents although first-half earnings slid to 17.1 cents a share from 23.1 cents. Earnings were 32.0 cents a share for the last full year and a dividend total of 16 cents was paid.

CWD is controlled by the Rembrandt group and the Kooperatiewe Wijnbouwers Vereniging which jointly hold 60 per cent of the equity. A further 30 per cent of the ordinary shares is held by South African Breweries.

Sage Holdings, the South African investment company, increased pre-tax profits to R27.5m in 1984 from R24.9m in 1983. Earnings per share rose to 32.11 cents from 27.71 cents and the dividend has been raised to 48 cents from 42 cents.

BAH Middle East lifts earnings

By Mary Frings in Bahrain

PROFITABILITY has improved significantly at BAH (Middle East) EC, the Bahrain subsidiary of BAH Holdings of Luxembourg. Although assets fell during 1984 by US\$46m to US\$475m, net earnings were up 10 per cent from \$2.22m to \$2.67m.

There will be no increase in the interim dividend of \$1.5m, which was already 50 per cent higher than the \$1m paid in 1983.

Deposits, which are 83 per cent interbank, declined from \$465m to \$430m, and loans and advances were 11 per cent down at \$151m.

Merrill Lynch in venture with Ayala

By Samuel Senoren in Manila

MERRILL LYNCH, the Wall Street securities house, and Ayala International of the Philippines, have formed a Singapore-based joint-venture company offering a wide range of financial services to clients in the Asia Pacific region.

The new company, Merrill Lynch Ayala International (MLAI), will specialise in asset management for clients with portfolios of at least \$20m.

Mr Charles Ross, the chairman of Merrill Lynch International, and Mr Enrique Zobel, Ayala International's chairman, will jointly head MLAI.

Further growth for Canon

By Robert Cottrell in Tokyo

CANON, the Japanese photographic and office equipment manufacturer, has reported consolidated net profits of Y35.03bn for 1984, an increase of 23.3 per cent over the Y28.42bn earned on a similar basis in 1983. Sales grew by 26.5 per cent to Y830.4bn (\$3.19bn).

In the current year, Canon expects to earn group net profits of Y38.5bn on sales of Y970bn.

The company said its strongest sales growth during 1984 came from electric office machines, such as typewriters, word processors and facsimile transmitters. Camera sales rose by just 1.9 per cent, with video equipment showing the strongest sales.

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By Daniel O'Shea

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Foggy B. Manchaca
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February 15, 1985

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INTERNATIONAL COMPANIES and FINANCE

BP unit hit by market conditions

By Dominic Lawson in London

BP OIL GROUP, the UK and Irish refining and marketing arm of British Petroleum, made a replacement operating cost loss of £4m (\$4.36m) in 1984, compared with a profit of £33m for the previous year.

Mr Ian Walker, the chief executive of BP Oil, said yesterday: "We are clearly disappointed, but it is an indication of the extreme volatility of the market, and margins are getting tighter all the time."

At the end of the third quarter the company had made operating profits of £2m, but it was pushed into the red by heavy last quarter losses.

Mr David Kendall, BP Oil's finance director said that results for the first quarter of this year would not show an improvement, although three petrol price increases in recent weeks, meant that the group is now profitable.

The main reason for the losses were the decline in sterling, resulting in higher raw material costs, wide variations in term and spot crude prices, and lower refining margins.

However, currency movements provided stock profits sufficient to give BP Oil 1984 historic cost profits of £48m, compared with earnings of £41m in 1983.

It appears that the British miners' strike was of no assistance to BP. The group's most advanced refining units make their profits from a marked differential between the value of light and heavy oil products.

With the increased demand from the British Central Electricity Generating Board for fuel oil, that wide differential disappeared, and with it BP's refining margins.

BP did not sell more fuel oil since most of the additional oil needed during the miners' strike was imported.

NordLB dividend maintained at 4%

By JOHN DAVIES IN FRANKFURT

NORDDEUTSCHE Landesbank (NordLB), one of the largest of West Germany's regional banks, is maintaining its dividend after another strong performance last year.

The bank will make an unchanged 4 per cent payout to its shareholders—the state government of Lower Saxony (which owns 60 per cent) and local savings banks (40 per cent).

Dr Bernd Thiemann, the chief executive, said that the bank's operating profit of DM 348.5m (\$104.2m) was only marginally below the previous year's DM 352.4m.

The group, including Luxembourg operations, the Bremer Landesbank and building savings banks, earned an operating profit of DM 632.5m, down 2.5 per cent.

NordLB's risk provisions are again about DM 150m, but Dr Thiemann said that the accent had shifted more towards foreign risk coverage. In addition, the slightly increased operating profit of DM 61.2m in Luxembourg has been put aside entirely to cover possible international risks.

NordLB, based in Hanover, resumed paying a dividend on its 1983 results after consolidating its 1983 results after consolidation.

ing its recovery from major problems in the 1970s. Dr Thiemann has stressed that the bank is aiming at continuity of dividend payments.

Dr Thiemann said that negotiations were under way with the bank shareholders about the timing, volume and nature of new capital to be supplied to the bank.

This would help NordLB to meet the terms of the new banking laws, which tighten the relationship between a banking group's credit and its base of capital and reserves.

Dr Thiemann said that NordLB would need to boost its base by DM 250m by 1989, and the shareholders had agreed in principle to consider providing some of this amount through extra capital, in addition to the bank's own efforts to strengthen its reserves.

The parent bank's balance sheet total rose by 3.5 per cent to DM 60bn last year, while the group's total was up 5.5 per cent to DM 88.1bn.

NordLB has continued to build up its London operation, which was converted into a branch at the beginning of this year after receiving a full licence for deposit-taking.

Elkem trebles earnings

By OUR OSLO CORRESPONDENT

ELKEM, the Norwegian metals, mining and manufacturing group, more than trebled profits last year to Nkr 526m (\$54.7m), before extraordinary items, on turnover which was 33 per cent higher, at Nkr 1.85bn.

The company, which is applying for a listing on the London stock exchange in May, is stepping up its dividend from Nkr 6 a share to Nkr 8.50.

The rise in sales and profits partly reflected acquisitions, and partly strong world demand for key Elkem products—aluminium, silicon and ferro alloys.

The positive trends for these products have continued into 1985. However, on the basis of

a general assessment of world business developments, group results before extraordinary items are expected to be somewhat lower this year than in 1984.

In July last year, Elkem exercised its option to buy two ferro alloys plants in Canada from Union Carbide. In a related move, it has increased its stake in the U.S. ferro alloys industry, boosting its share in Elkem Metals of the U.S. from 49 per cent to 67 per cent.

At the start of 1985 Elkem had 10,403 employees, of whom 3,422 were employed abroad. About 16 per cent of capital is held by foreign investors.

Borregaard pays more as profits jump 48%

By Fay Gjester in Oslo

BORREGAARD, the Norwegian industrial group, with interests in forest products, chemicals, metals and foodstuffs, is increasing its 1984 dividend to Nkr 12 per share from Nkr 10, after a 48 per cent jump in pre-tax profits.

External sales reached Nkr 4.7bn (\$489m), against Nkr 3.2bn in 1983, reflecting mainly higher sales of edible oils and fats, chemicals, pulp and paper, as well as increased income from trading.

Profit, before year-end adjustments and tax, was Nkr 165.5m against Nkr 112.4m, resulting in per share earnings slightly ahead of market forecasts at Nkr 41.58, compared with Nkr 24.63.

Chiefly responsible for the improvement in profits were the divisions making animal feed, edible fats and oils, detergents and toiletries and foodstuffs.

Folidal Verk (copper and pyrites) and Borregaard Industries (paper and pulp) maintained their profits, while results for the Moestue group (printing, fine paper, information systems) fell sharply.

Sætra Kjekstfabrikk, a biscuit manufacturer, acquired last month, earned a profit of Nkr 11.4m in 1984. This has not been included in the latest group figures.

Italian investors warm to newly-created unit trusts

By ALAN FRIEDMAN IN MILAN

ITALY'S newly created unit trusts have attracted a total of L3,747bn (\$1.8bn) in investment funds since they began operating last summer.

The unit trusts authorised by legislation in 1983, are seen as an important way of attracting fresh capital to Italian stock market—primarily to the Milan bourse.

The Bank of Italy has authorised a total of 27 fund management companies which will be permitted to offer a total of 44 unit trusts in Italy, in addition to the 15 already formed, a further 19 are awaiting formal approval.

The trusts, which are in part designed to attract small investors, are mostly run by the big banks and insurance companies—the traditional dealers on the Milan bourse. Their growth has been striking. Some funds have been pulling in funds at a rate of L100bn a day.

Banca Commerciale Italiana has teamed up with Generali, the leading Italian insurer, to offer a joint fund. Euro-mobiliare, the merchant bank, is planning its own fund. Eurofond, a unit trust owned 50 per cent by San Paolo Bank of Turin, has attracted L150bn in just five days of operation.

If the 10 Italian unit trusts which have been operating out of Luxembourg for several years are added to the newly created domestic funds, the total of funds invested comes to L8,700bn.

The funds have clearly played a part in the recent buoyancy of the Milan bourse, which is now 45 per cent above its lows of January 1984.

No direct income tax concessions are available to investors, but the funds do offer certain fiscal advantages, notably in the form of tax-free capital gains if these are distributed as income.

Sandvik surges back into black

By DAVID BROWN IN STOCKHOLM

SANDVIK, the Swedish cemented carbide and specialty steels group, surged into profit for 1984 after far-reaching rationalisation and so improved in market conditions.

Before extraordinary items, the group has turned a loss of SKr 179m into profits of SKr 1.01bn (\$105.9m), a performance significantly in excess of the mid-year forecast. Sales advanced by 12 per cent to SKr 11.29bn.

Sandvik is seeking permission to raise its dividend by a quarter to SKr 10 a share from SKr 8.

Higher capacity utilisation and better demand combined

with the benefits of several plant shutdowns produced lower costs. Operating results after appreciation soared from SKr 515m to SKr 1.55bn.

Extraordinary costs declined by SKr 82m to SKr 73m (the group posted considerable non-recurring losses in 1983) bringing the pre-tax result to SKr 940m, against a loss of SKr 770m.

The strongest improvement was noted in the cemented carbide division, which produces hard cutting tools. Its pre-tax result climbed from SKr 152m to SKr 785m, and sales advanced 14 per cent to SKr 5.89bn.

The steel division reported

profits of SKr 239m compared with losses of SKr 190m the previous year. Steel sales rose 15 per cent to SKr 3.47bn.

Electrolux, Europe's largest manufacturer of household appliances, has reached agreement with Goodyear Tire and Rubber of the U.S. to purchase Duo-Therm, its subsidiary which makes air conditioning and heating appliances for caravans and other leisure vehicles, writes Kevin Done.

Duo-Therm is based in La Grange, Indiana, and had sales last year of some SKr 55m. It is the leading U.S. company in this sector.

Big rights issue for Jacobs Suchard

By John Wicks in Zurich

JACOBS SUCHARD, the Swiss coffee and chocolate group, plans a rights issue to raise SwFr 315.5m (\$111.3m) following improved profits for 1984.

Sales last year rose by 12½ per cent to SwFr 5.1bn, and net profits are in line with December's forecast at SwFr 120.2m. For 1985 the company, which is family controlled, returned earnings of SwFr 110.2m.

The improved outturn is allowing an increase in the dividends of SwFr 150, SwFr 30 and SwFr 15 per bearer and registered share participation certificate respectively.

December's forecast of higher profits was accompanied by a brief statement about trading. Jacobs said it had experienced good chocolate sales from the middle of 1984 onwards, and that it had overcome its coffee trading difficulties in Germany.

The planned rights issue represents the group's second major funding operation in less than six months. Last October a total of SwFr 80m was raised via an issue of bonds with warrants.

The rights issue is to be a one-for-three at SwFr 3,500 per bearer share, SwFr 700 per registered share and SwFr 350 per participation certificate.

Jacobs also plans to increase authorised capital by the issue, without drawing rights, of 150,000 registered shares.

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On February 15, 1985, the principal amount of Bonds remaining in circulation was U.S. \$77,000,000.

Luxembourg, March 14, 1985

EUROPEAN INVESTMENT BANK

Strong advance at Lufthansa

By Jonathan Carr in Frankfurt

LUFTHANSA, the West German airline, "markedly" boosted profits in 1984, benefiting from international economic recovery and the related sharp upturn in air transport.

Gross operating revenue rose last year by 15.3 per cent to about DM 9bn (\$2.69bn). The profit before has not been revealed.

Freight traffic revenue jumped especially sharply — by 26.4 per cent to DM 2.1bn, but passenger revenue was buoyant, too, rising by 12.4 per cent to DM 6.8bn. Lufthansa carried 15.3m passengers in 1984, an increase of 7.2 per cent.

The airline boosted net profit in 1983 by 40 per cent to DM 63m and increased its dividend to DM 3.50 a share from DM 2.50 in 1982.

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INTL. COMPANIES & FINANCE

Europe's top car makers take U.S. gas guzzling tax in their stride

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

MOTOR MANUFACTURERS such as BMW, Jaguar, Mercedes and Rolls-Royce will pay millions of dollars extra this year in "gas guzzler" taxes, imposed in the U.S. to emphasise that it is anti-social to drive cars which drink too much fuel.

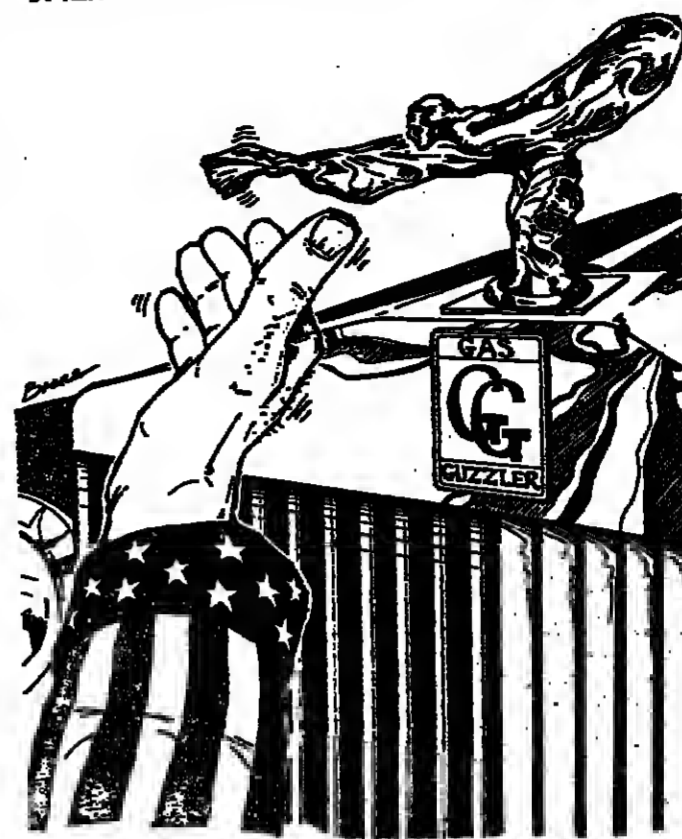
The rules have been tightened in 1985 so that any car which cannot travel 17.5 miles to the American gallon must pay. And that means Jaguar's best-selling saloon car is caught for the first time.

Each saloon will attract a \$600 "gas guzzler" penalty while the Jaguar XJS will pay \$1,200. Jaguar hopes to sell about 20,000 cars in the U.S. in 1985, up from a record 18,044 last year, and 20 per cent will be XJS models. This means the U.S. authorities will collect a total of \$14.4m.

The liability is prominently listed on the windscreen of any car which must pay it, and is labelled "gas guzzler tax." In theory, the customer pays, but in practice the companies frequently absorb the tax in their quoted prices.

For example, Rolls-Royce, which attracts the highest "gas guzzler" penalty this year — \$2,650 a car — reduced its U.S. list prices in April, 1985 and has left them unchanged since that time even though the tax has been increased each year.

BMW's 735 saloons will attract the tax to the tune of



if the average consumption of their total range is below 27.5 mpg this year.

Jaguar reckons its CAFE (corporate average fuel economy) will be 19 mpg and that it will have to find \$425 a car or \$8.5m in total for this year. However, CAFE is calculated after the end of the year and the authorities currently are under considerable pressure from the American manufacturers to ease the regulations.

Mercedes, which paid over \$8m for 1983-84 in CAFE charges expects to pay more in the current 12 months while Saab and Porsche will also be caught by this particular piece of legislation. However, Volvo hopes to squeeze just inside the limits, while BMW and Peugeot have enough CAFE "credits" from previous years to see them through 1985.

There is one more hazard facing the European car companies in the U.S. this year. A new tax law militates against cars costing over \$16,000 bought for business use.

At one time the European manufacturers were highly concerned about the potential impact, but they now seem to feel they have little to fear. Mercedes did some market research and concluded it would be little affected, for example.

However, the results of the Mercedes survey contrast with one conducted by Arthur Andersen, the international

to meet the 17.5 mpg standard). If Mercedes equals last year's sales of 18,423 of the 380 models and 6,208 of the 500 saloons, the total tax would be \$16.05m.

However, Mercedes, too, expects to boost its U.S. car sales from the 1984 level of 79,222 to 85,000 in the current year.

Although there is every sign that in the U.S. payment of the "gas guzzler" tax no longer carries any stigma, and customers are returning more, and more to larger-engined cars, Porsche has gone to a great deal of expense and trouble to ensure that the 928S sports car, which previously attracted the penalty, does so no longer.

By making changes to the cylinder head of the 928S engine, Porsche considerably improved its fuel economy figures.

In August last year, the company pulled out of its previous arrangement, whereby Porsche cars were imported and distri-

buted in the U.S. by Volkswagen-Audi. Last year 22,000 of the 45,000 cars produced by Porsche went to American customers and in 1985 the company expects to sell half its 50,000 output in the U.S.

All the other major European exporters to the U.S. claim that they have no "gas guzzlers" in their ranges. And they all forecast a rise in sales there this year.

Volvo, the most successful in terms of units sold, expects a small increase, perhaps 5 per cent, on the 98,000 cars sold in 1984. That would be enough to take the company above the 100,000 level — the first time any European importer has reached that mark, although five Japanese companies each sell many more cars than that.

Saab hopes to increase sales from 25,700 to 38,000 this year, and Peugeot is looking for a rise from 20,000 to over 24,000. There is a separate tax which car companies are liable to pay

Sales forecast to rise this year

accountants which revealed the new tax law had had an immediate impact on the buying habits of small and medium sized companies.

Some 32 per cent of the companies questioned by Andersen's Philadelphia office and based mainly in eastern and central Pennsylvania, southern New Jersey and Delaware, suggested their car-buying policies would change.

Andersen maintained the figures indicated the tax law could have a real effect on the luxury car market because businesses would think about keeping high-priced cars longer than in the past.

SWEDISH MATCH

Tarkett
Tarkett is the second largest manufacturer of flooring material in the world. The Group's product range includes resilient, wooden and textile flooring.

Match
The Match Group is the world's largest producer of "lights". That is, matches and lighters. The Group also conducts forestry and trading activities.

Kitchens
The Kitchen Group is one of Europe's leading producers of kitchen cupboards. Other products include storage cupboards, wardrobes and bathroom cabinets.

Akerlund & Rausing
Akerlund & Rausing is one of the largest packaging companies in Europe. The Group is also a market leader in fields such as disposable table products, decorative paper, bags and carrier bags.

Doors
The Door Group markets a complete range of doors, including internal and exterior doors as well as doors for public buildings. The Group is the market leader in the Nordic countries.

Alby
Alby produces sodium chlorate for the pulp industry and potassium chlorate for the match industry. The Alby Division has production facilities in Europe, North America and South America.

Financial highlights

	1984	1983
Sales	886	766
Operating result	61	54
Result after financial items	39	19
Result after taxes	21	15.1
Return on capital employed, %	15.9	23.7
Earnings per share (full tax) £	2.54	2.37
Earnings per share after extraordinary items £	6.39	2.37

Swedish Match is an industrial corporation with business activities conducted through about 150 companies in more than 40 countries in all parts of the world. The Corporation employs approximately 26,000 persons in these companies. Its head office is situated in Stockholm.

Swedish Match's product areas have strong market positions. Its structure yields good profitability and rapid growth. Business activities are concentrated on home improvement and consumer products as well as packaging.

SWEDISH MATCH

Serving British industry in 1984

British Telecommunications plc 18,000,000 American Depositary Shares <i>Representing</i> 180,000,000 Ordinary Shares	\$100,000,000 Barclays American Corporation Extendable Notes due July 1, 1996	We are pleased to announce that we are acting as the dealer in the offering of commercial paper for BICC plc Goldman Sachs Money Markets Inc.	British Aerospace \$147,500,000 Limited Recourse Leveraged Lease Financing of 10 BAe 146-200 Aircraft to be leased to Pacific Southwest Airlines <small>We acted as advisor to British Aerospace Public Limited Company, structured this transaction and arranged privately both the equity and management of the debt.</small>	Hanson Trust PLC <small>through two indirect wholly owned subsidiaries</small> has acquired U.S. Industries, Inc. <small>We acted as financial advisor to The Special Committee of the Board of Directors of U.S. Industries, Inc.</small>
Short Brothers Limited U.S. Sales Financing Program through Shorts Air Lease, Inc. \$70,325,000 Lease of Shorts SD3-60 Aircraft <small>We arranged this financing privately.</small>	The Merchant Navy Officers Pension Fund has acquired substantially all of the issued share capital of Oil and Gas Production Limited <small>We acted as financial advisor to Oil and Gas Production Limited.</small>	RODIME PLC <small>(A Scottish Company)</small> 1,500,000 American Depositary Shares <i>Representing</i> 1,500,000 Ordinary Shares of 5p each (nominal value) We are pleased to announce that we are acting as the dealer in the offering of commercial paper for Redland Finance Inc. <small>Guaranteed by Redland PLC</small> Goldman Sachs Money Markets Inc.	\$358,000,000 Crocker Center <small>a 1,065,000 sq. ft. mixed-use complex in San Francisco, California</small> has been sold by © Crocker National Bank and Crocker Properties, Inc.	U.S. \$20,000,000 Westland Westland 30 Helicopter Lease Finance <small>Goldman Sachs Limited acted as advisor to Westland in this transaction.</small>
Whitbread (U.S.) Holdings, Inc. a wholly owned subsidiary of Whitbread and Company, PLC has acquired The Buckingham Corporation from Beatrice Companies, Inc. <small>We acted as financial advisor to Whitbread (U.S.) Holdings, Inc.</small>	Automated Security (Holdings) plc has acquired 28.6% of the Common Stock of Network Security Corporation <small>We acted as financial advisor to Automated Security (Holdings) plc.</small>	Thom EMI (USA) <small>Guaranteed by Thom EMI plc</small> Goldman Sachs Money Markets Inc.	Beecham Finance p.l.c. <small>Guaranteed by Beecham Finance p.l.c.</small> Goldman Sachs Money Markets Inc.	RODIME PLC U.S. \$30,000,000 Term Loan Facility <i>Arranged by</i> Goldman Sachs Limited
We are pleased to announce that we are acting as the dealer in the offering of commercial paper for Bank of Scotland Goldman Sachs Money Markets Inc.	We are pleased to announce that we are acting as the dealer in the offering of commercial paper for Unilever Capital Corporation <small>Guaranteed jointly and severally by Unilever United States, Inc., Unilever N.V. and Unilever PLC</small> Goldman Sachs Money Markets Inc.	We are pleased to announce that we are acting as the dealer in the offering of commercial paper for Barclays Bank PLC Goldman Sachs Money Markets Inc.	We are pleased to announce that we are acting as the dealer in the offering of commercial paper for British Gas Corporation <small>Guaranteed by The Government of the United Kingdom of Great Britain and Northern Ireland through Her Majesty's Treasury</small> Goldman Sachs Money Markets Inc.	Goldman Sachs

DRUG DEALERS MAY BE LOSING ONE OF THEIR MOST IMPORTANT CONNECTIONS.

The U.S. Treasury is coming down hard on drug dealers, and the banks they use to wash away any link between the drugs and the profits made from them.

This week's cover story in Business Week points out that the U.S. drug trade is an \$80 billion a year business transacted in \$20 bills.

So simply to avoid being drowned in cash, the dealers need money laundering.

But authorities are using tough new laws against them. One even allows the government to confiscate the dealers' ill-gotten gains.

And while some banks are cooperating, according to Business Week, others are resisting tougher laws because they fear for the privacy of their law-abiding customers.

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UK COMPANY NEWS

GKN rises 36% but 'work still to be done' in UK sector

Guest Keen and Nettlefold, the UK engineering group, boosted its pre-tax profits last year by 36 per cent from £28.1m to £38.2m, mostly because of sharp improvements in the U.S. and continental Europe.

It expects to make further progress in 1985. Results for January and February, ahead of those for last year, "support this expectation." But, said Sir Trevor Holdsworth, the chairman, "the UK is still the area where we have some work to do to achieve our objectives."

GKN's automotive components activities were now making a satisfactory return on assets of nearly 20 per cent around the world, he added. Sales to the UK industry are now far less significant for the group than they were a few years ago.

Sales for the year were up from £1.97bn to £2.16bn, of which £1.05bn (£1.01bn) was achieved in the UK, £354m (£340m) in the rest of Europe, £468m (£360m) in America, and the rest in other markets.

Although UK output of vehicles was lower last year, increased sales of automotive components and products were achieved by domestic companies as a result of higher exports. The transmissions companies in West Germany, France and Italy recorded good results, but sales to the depressed European commercial vehicle market remained low.

The year was an excellent one for the U.S. car industry, with the GKN's plants making constant velocity joints there performing well, the group said. It made a loss on autoparts distribution in the UK, though less than in 1983, and hopes to be in the black by this year-end.

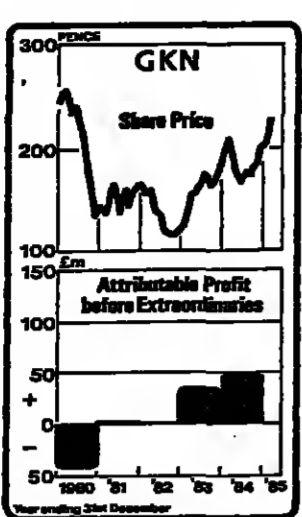
GKN said its steelstock company improved profitability considerably. The Brambo steel works in Wrexham achieved good export sales, with the effect of the high rise in scrap prices partly offset by greater efficiency.

The 1984 dividend is being increased from 9p to 10.5p a share, with the final payment up to 6.5p from 5.1p. Earnings per share were stated at 21.4p against 17.4p.

Capital spending last year was £24m higher at £116m, split fairly evenly between Britain and overseas. A similar amount would be spent in 1985. Research and development expenditure was £62m.

The net gearing ratio—net borrowings as a percentage of shareholders' funds—increased from 40.3 per cent to 54.1 per cent.

Net borrowings rose from £240m to £312m at the period end after taking into account the proceeds of the issue of £25m.



of preference shares by a subsidiary a year ago.

comment

The reconstruction of GKN has been one of the most extensive and laborious in British industry. But, with yesterday's preliminary figures, the group could at last claim to have resolved the bulk of its problems and to have set itself on a path of sustainable growth. Reorientation continues to be a costly exercise. The £115m spent on fixed assets last year was not far short of twice the depreciation charge and will remain at roughly that level in 1985. But, so long as the group's interest cover holds up at the 1984 level of 4.2 times, the relatively high balance sheet gearing should not be a constraint. The one real trouble-spot is the UK: the return on capital of 6.5 per cent is less than half the group average. GKN reckons to be able to push it up to 20 per cent within two years, which implies a UK trading profit of £100m or more. If the group achieves it, those profits will shoot straight down to the attributable level and provide shareholders with long overdue returns. There is plenty of life left in GKN's constant velocity joints while the introduction of new automotive products, including power steering, should enable the group to buck all but the most dismal trends in the automotive industry. Pre-tax profits of £150m look obtainable this year which, after a 45 per cent tax charge, would leave earnings of about 30p. So last night's share price of 224p values the group at a multiple not much above seven times. That is by no means expensive.

Schroders all-round increase to £15m

DISCLOSED profits of Schroders, banking, finance, insurance and investment concern, after tax but before extraordinary items, amounted to £15.14m for 1984, compared with £14.42m. Last time, however, there was an extraordinary credit of £6.5m.

After transfers to inner reserves, out of which reserves provision has been made for diminution in value of assets, operating profits were £14.24m, against £11.79m.

The improvement in the group's results was broadly based with investment management activities "performing particularly strongly."

The total disclosed profit for the year included £9.55m available for distribution, of which £2.9m will be absorbed. This is equivalent to 15.5p (16.5p) per £1 share with a 12.5p (13.5p) final payment.

Disclosed profits were after loan interest of £3.14m, against £2.46m.

comment

The analysts voted Schroders' results slightly disappointing but the shares held steady at 785p in spite of that yesterday. The merchant banking fraternity is hardly renowned for offering breakdowns on profits and Schroders is no exception. But on the face of it one or two of its activities must have been less than sparkling in 1984 bearing in mind that about half the profits improvement at the pre-interest level can be accounted for by currency translation gains. Fund management, however, was by no means one of the sluggish with a 25 per cent increase in its contribution and funds under management worldwide now up to £11bn. Evidently there is no thought of floating it off as a separate company. That operation must be good for further growth in 1985 while the commercial banking activities should also see improved returns given the effort that has been put in over the last year to raise the quality of its lending activities. The outlook for securities activities and corporate finance remains problematical at this stage in the year but overall the market must be thinking in terms of, say, £161m this year.

Martin Dickson examines the motives behind Sears' bid for Foster Brothers

Match-making for Miss Selfridge

"WHAT DOES a chap do when he goes into Miss Selfridge with his girlfriend?" asks Mr Geoffrey Maitland-Smith, chief executive of Sears. Williams, one of Britain's biggest retailers and the owner of the Miss Selfridge women's chain.

"He stares at the wall, he watches his girlfriend choosing clothes, he looks at the pretty girls and then he says: 'I've had enough of this. I'm off.' But if we could attract him..."

Mr Maitland-Smith's vignette goes a long way to explaining why Sears yesterday plunged into the takeover battle for Foster Brothers, the High Street menswear chain, with an agreed £115m offer topping the hostile bid by Ward White.

Sears' interests include Selfridges, Lewis's, the regional department stores, the shoe chains Freeman Hardy & Willis, Dolis and Saxone; the women's wear chain, Waltons; and sports outfitters Olympia. It has more retail outlets than any other UK company, including the High Street banks. But it does not have any menswear interests outside of its department stores.

The acquisition of Foster Brothers, which has some 740 outlets in the UK, some 550 of them in menswear and boyswear, would immediately plug this gap. And, says Mr Maitland-Smith, it would also provide the group with the core expertise to build a new up-market menswear chain which could live alongside Miss Selfridge branches in new Sears superstores, offering a range of goods in an exciting environment. End of boyfriend problem, and a healthy increase in Sears' profits, or so the theory goes.

Sears' move on Foster Brothers produced a distinctly mixed response in the City yesterday. Analysts were agreed that it was logical for



Mr. Geoffrey Maitland-Smith

Sears to get into menswear, but some queried the quality of many Foster Brothers outlets.

There was also considerable raising of eyebrows over the price Sears is prepared to pay, taking into account the worst-case financial picture revealed yesterday by Foster's particularly increased borrowing and the heavy losses incurred by its 49.5 per cent owned American associate, Nanco Industries, 0 menswear chain.

Foster's net asset value, taking account of recent property revaluations, is put at around £79m. But if Foster's goes ahead with its plan to get out of Nanco, that will probably cost it about £18m. The result is a net asset value per share of around 136p, which compares with a Sears' offer worth 225p a share last night.

"It is a full price," says Mr Maitland-Smith, "but it is a fair price. Where else can you buy a store like this? It is clearly worth a premium. The potential from Sears' point of view is considerable."

Why then, did not Sears

launch a hostile bid before Ward White? That, says Mr Maitland-Smith, is not the company's style. "We prefer to do things on an amicable basis."

Certainly, Sears' bid for Foster is its most dramatic takeover move since its abortive attempt two years ago to shake up the mail order business by merging Grattan and Empire Stores and taking a minority stake in the resulting combination.

And some analysts reckoned last night that the bid marked something of a departure for the empire built up by the late Sir Charles Clore, which has a reputation for great caution and very economical price tags in its acquisitions.

Assuming no reference to the Monopolies Commission and no higher bid, just what would Sears be getting for its money, and what would it try to do with its new outlets?

Foster has been going through a rough financial patch, partly because of its U.S. losses, partly because of trading conditions in Britain (the miners'

strike has been a particular irritant) and partly because it has been investing heavily in the modernisation of its stores.

In the year to February 1984 it had pre-tax profits of £2.3m (including a £1.3m surplus from property sales) on turnover of £90.7m. But in the year just ended its position has deteriorated sharply.

The company estimated yesterday that pre-tax profits from UK trading operations were around £5m, compared to £8.8m the year before. However, the consolidated pre-tax profit—taking into account both hefty U.S. losses and the proceeds of property sales—would only be around £1.7m.

The core of the business is Foster's menswear chain, operating from some 500 sites in the market. Many of them are in unexciting locations in small towns, described by Sears yesterday as "secondary positions."

However, Mr Maitland-Smith said they were good quality shops—improved by the modernisation

programme—which Sears would continue to develop.

Clearly the company would also be able to sell off the less attractive sites or "swap" them for some of its other retail outlets.

Foster also runs the profitable Millers chain of camping and leisure centres, which Sears believed would fit well alongside Olympia—the fashionable sportswear chain it has built up to around 100 outlets in just a few years in response to the fitness boom.

Two other Foster chains—Dormie, the dress-hire company, and Esquire—an up-market men's clothing retailer—would go to form the nucleus of the male counterpart to Miss Selfridge.

Foster also has a less-lucrative women's chain, just acquired, which Sears would probably incorporate the bigger units in Miss Selfridge and sell off the rest.

As for America, Mr Maitland-Smith said that one of his most urgent tasks would be to decide whether to endorse Foster's decision to get out of Nanco.

The acquisition of Foster would make much of an immediate difference to the balance of Sears' business. Its turnover is around £21m and pre-tax profits of around £10m are forecast by the market for the year just ending.

Shoe retailing is the biggest earner, accounting for some 50 per cent of profits, followed by other retailing (around 20 per cent), property and the William Hill chain of betting shops.

But Foster would mark a further shift in the business towards what the company sees as its main growth area: retailing other than shoes and, in particular, the development of those Sears superstores.

Heavy tax holds back Ultramar

FINAL QUARTER taxable profits at Ultramar have more than doubled from £2.1m to £2.8m, but the group's exploration and production (E&P) group to £224.9m for 1984, against £156m. However, after a heavy tax charge of £137.8m, net profits came through just ahead of £127.5m, compared with £122.1m.

Turnover expanded to £23.26m (£22.06m) with £29.6m against £24.6m coming in the last three months.

Mr Lloyd Benson, chairman since the beginning of 1983, says the current year has started well and he expects a good result for the first quarter.

For the balance of the 12 months, he says that better margins are expected in the refining and marketing divisions than last year, and the group should begin to see the benefit of cost reduction measures. Pre-tax figure for 1984 included much higher associates share of £36.8m (£2m) and other operating income of £41.5m (£32.5m) but was after interest charges £56.3m higher at £79.2m.

A final distribution of 6.5p lifts the total dividend from an effective 8.5p to 10p net per 25p share. Shareholders are being offered the opportunity of electing to receive fully paid new shares in place of the dividend. Earnings were shown at 47p (46.6p).

An analysis of operating profits

of £190m (£96.7m)—after tax but before interest and administration charges—was Exploration and production £144.5m (£72.9m); Indonesia £81.1m (£58.9m); UK £51.1m (£10.8m); Western Canada £7.8m (£6.2m); U.S. £2m loss (£1.1m loss); Eastern operations £3.8m (nil); other areas £2m loss (£0.9m loss). Refining and Marketing £50m (£21.4m)—Canada and U.S. East Coast £40m (£9.5m); U.S. West Coast £10.5m (£5.9m); U.K. £1m (£4.4m); International trading £1.6m loss (£0.8m profit). Shipping £5.3m loss (£0.5m profit); other activities £0.7m (£1.9m).

Sales of oil (barrels per day) amounted to 291,200 (241,100) at the year end, oil refined (barrels per day) 104,000 (98,400), and oil produced (barrels per day) 26,400 (10,600). Gas produced (thousands of cu. ft. per day) amounted to 340,000 (£183,900).

Cash flow from operations for the year totalled £215.4m, compared with £124.5m, and capital expenditure, amounted to £267.7m (£96.2m).

Mr Benson says that 1984 was a difficult year for the oil industry. Overcapacity in all phases and the resulting struggle to maintain market share, kept pressure on profit margins of petroleum products and restricted the group's ability to increase sales of LNG from the

expanded plant in Indonesia, the chairman states. "As a result we have yet to realise the full potential of some of the major capital projects completed in 1983."

comment

Ultramar has singularly failed to impress the City in the past, apparently unable to get to grips with the performance of its Canadian and U.S. downstream operations in general and its new Quebec catalytic cracker in particular. Moreover, the City was none too happy about the Foster acquisition, which increased still further the group's commitment to Indonesia at a time when it had been making noises about an increased presence in the U.S. and the UK. However, the shares which have fallen from a peak of 361p and were up 2p to 210p yesterday, now fall to do justice to the performance of the group in these difficult downstream operations—now that the cracker is cured—or to the slightly better demand outlook for Indonesian LNG. Assuming the group makes reasonable progress to £145m net profit, the shares change hands on a multiple of only four—too great a discount to the sector, even allowing for the City's general uneasiness about Indonesian earnings. At the very least, the 7 per cent yield should limit any further relative decline.

Cook's U.S. travel interests sold

Midland Bank has completed the sale of the U.S. travel business of its Thomas Cook subsidiary to Dun & Bradstreet, the U.S. business information group.

The sale price was not disclosed but it was understood to be at a substantial premium to net asset value of £8m (£5.5m) of the business being sold. Thomas Cook will retain its U.S. travellers cheque business and will have an option to acquire 20 per cent of the travel agency back within four years should U.S. banking legislation be changed.

Midland was forced to divest the travel agency because of its acquisition of 100 per cent of the National Bank, as U.S. law bars banks from engaging in non-banking activities.

Tavener Rutledge

Sugar confectionery manufacturer, Tavener Rutledge, continued to show a steady improvement in 1984, according to the directors, and they say that recovery will continue during 1985. Pre-tax profits grew from £107,000 to £155,000, and turnover came to £7.84m against £7.47m.

There is again no ordinary dividend—the last was paid for 1977.

Lawtex recovering

Lawtex, a manufacturer of clothing and umbrellas, is recovering, with more than doubled taxable profits of £224,000 against £104,000 in the first half-year to December 31 1984.

The result has been reflected in a doubled interim dividend up from 0.75p to 1.5p, and directors intend to recommend a final payment of the same amount. As for the year as a whole, the directors are aware that there is still considerable scope for further improvement.

The half-year turnover advanced from £3.47m to £10m. Net profits came out at £221,000 (£98,000), after tax of £13,000 (£8,000). Earnings per 25p ordinary share are stated at 11p, against 4.9p.

Kleinwort mops up loose House of Fraser shares

BY JOHN MOORE, CITY CORRESPONDENT

Kleinwort Benson, the merchant bank yesterday bought £2.8m worth of shares in House of Fraser group on its own behalf.

Mr John MacArthur of Kleinwort, which is acting for the AIF-Edwards family in their £15m takeover of the Fraser stores group, said that the purchase of the 660,000 ordinary shares, representing 0.4 per cent of the Fraser equity, was "just a mop-up operation of the loose shares in the market."

Kleinwort paid 391p per share. Mr Norman Tebbit, Secretary of State for Trade and Industry, has not yet decided whether or not to refer the AIF-Edwards bid for Fraser to the Monopolies and Mergers Commission, and an announcement may not be made until Friday. Mr Tebbit's department is understood to be sifting extensive claims by Lomro, and supporting evidence, on why the bid should be referred.

Mr Tebbit has also to decide on whether Lomro should be released from its undertakings not to bid for Fraser following the favourable decision by the Monopolies Commission that any

bid by Lomro would not operate against the public interest.

In other moves yesterday, Lomro Finance, a wholly-owned subsidiary of Lomro, sold its shares to the public, raising an issue of £40m bonds 1985/2000 convertible into up to 20m ordinary shares of 25p each of the company, representing a 7.5 per cent stake.

The bonds will be convertible until the year 2000 at a fixed price subject to adjustments in certain events, and will be based on a small premium over the market value of the company's shares on the Stock Exchange, prior to the issue of the bonds.

The net proceeds of the issue will be used to consolidate the short-term indebtedness of the Lomro group.

Mr Roland "Tiny" Rowland, Lomro's chief executive, through a company controlled by him, has acquired up to his personal holding in Lomro by the purchase of 1m shares. His total holding in the company is now 46m shares, representing 17.44 per cent of the capital.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div. year	Total for year	Total last year
U.S. Debs	3.75p	Apr 8	4.27	5.98	6.52
Victor Products	1.6	Apr 8	1.6	1.6	4.6
Wolsley-Hughes	1.3	July 31	2.68	—	2.75
Bejam Group	1.75	Apr 23	1.4	—	3
James Fisher	1.7	—	1.6	3.2	3
GKN	6.5	—	5	10.5	9
Invergorston	2.6	—	2.5	4.25	4
Low Howard-Spink	2.75	May 15	—	—	—
Promotions House	0.71	—	0.7	—	—
Schroders	12.5	May 10	13.5	13.6	18.5
Telemetrix	0.6	April 23	0.5	—	1.4
Ultramar	6.5	June 3	5.5	10	8.5
United Electric	4.5	July 1	4.3	7.1	—
Refuge	7.75p	—	6.5	11.75	10
J. Hewitt	2	May 8	2	2.4	2.4

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ U.S. stock.

§ For 11 months. || Special interim in lieu of final dividend.



Hotel Shilla: A Memorable Exception

In the heart of Seoul, the Hotel Shilla, surrounded by beautiful wooded gardens, renders a traditional Korean ambience inspired by the renowned Shilla Dynasty.

Hotel Shilla London Branch Office: 8th Fl. Shilla House, Southampton Row, London W.C.1, England. Tel: 492 0070 Fax: 492 0081 Telex: 23623 SHILLA G



LADBROKE INDEX Based on FT Index 988-989 (+1) Tel: 01-427 4411

Public Loans and Works

Years	Quota loans repaid at maturity	Non-quota loans A* repaid at maturity
Over 1, up to 2	124	124
Over 2, up to 3	124	124
Over 3, up to 4	124	124
Over 4, up to 5	124	124
Over 5, up to 6	124	124
Over 6, up to 7	124	124
Over 7, up to 8	124	124
Over 8, up to 9	124	124
Over 9, up to 10	124	124
Over 10, up to 11	124	124
Over 11, up to 12	124	124
Over 12, up to 13	124	124
Over 13, up to 14	124	124
Over 14, up to 15	124	124
Over 15, up to 16	124	124
Over 16, up to 17	124	124
Over 17, up to 18	124	124
Over 18, up to 19	124	124
Over 19, up to 20	124	124

* Non-quota loans B are 100 per cent higher in each case than non-quota loans A. † Equal instalments of principal. ‡ Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.

"1984 was an outstanding year for the Group—not only in terms of financial success."

It saw great growth in awareness, across the world, of our name and capability, and it witnessed major developments in both product range and geographical spread."

Copies of the Annual Report will be posted to all shareholders on 4th April 1985. If you would like a copy, please write to The Secretary.

Kleinwort Benson 20 Fenchurch Street London EC3P 3DB
The International Merchant Bank

	1984 results of Kleinwort, Benson, Lonsdale plc for the year ended 31st December 1984	1983 (Unaudited) (Audited)
Profit before taxation	£44.5m	£32.5m
Profit after taxation	£30.3m	£21.7m
Earnings per share	54.1p	39.7p
Total dividend per share	14p	12p
Shareholders' funds	£253m	£215m
Capital resources	£416m	£292m
Total assets	£4,702m	£4,240m

Including loan stock, deferred tax and minority interests.

UK COMPANY NEWS

Bejam profits near £10m as costs stay under tight control

Bejam Group lifted pre-tax profits by 25 per cent to £9.7m in the half-year ending December 31, 1984.

Mr John Apthorpe, the chairman, says that with costs continuing to be tightly controlled, pre-tax profit margins increased from 5.07 per cent to 5.68 per cent.

The directors of this food and frozen retailer have declared an interim dividend of 1.75p net, against an equivalent 1.4p. Net earnings per 10p share were shown as 4.58p, compared with an adjusted 3.37p.

The chairman says that sales grew in volume in existing stores, and that the new branches also contributed well. Total turnover during the half year moved ahead from £188.82m to £172.47m.

For the current period Mr Apthorpe says that the experience since Christmas leaves the directors confident that the second half will produce profits "in excess" of the corresponding period in 1984, when profits before tax of £7.87m were achieved.

During the first half new stores were opened in Cwmbran, Hereford, Northwich, Nottingham, Wad Green, Farmborough and Southampton. The latter two replaced smaller outlets in the same locality, and the group entered 1985 trading in 213

J. Fisher results hit by dock and pit strikes

James Fisher, shipping group, managed to increase pre-tax profits to £2.85m in the year to December 31 1984, against £2.1m in spite of two national dock strikes and the knock-on effect of the miners' dispute.

The board says these had an adverse effect on group profitability. Turnover in 1984 rose 22.8 per cent to £35.06m (£28.57m).

Pre-tax profits were after charges of £5.68m (£5.74m) for depreciation and £2.96m (£3.34m) for interest while short-term investments interest attracted £141,000 (£204,000).

Tax was £319,000 (£290,000) and there was an extraordinary credit of £570,000 (£636,000). Earnings per 25p share, calculated on a net basis, were stated at 11.08p (7.93p) and a final dividend of 1.7p (1.6p) will be paid, making 3.2p (3p).

In August 1984 the company acquired Coe Metals Shipping from Booker McConnell for £4.35m, of which £3.35m was paid in cash with the balance by an issue of 1m ordinary 25p shares.

Coe owns 13 vessels, 10 of which are used for cargo and tanker business, while three are specialist offshore exploration vessels.

It looks forward to achieving a further improvement in pre-tax profit for the current year and views the future with confidence in the light of the world economic recovery and the company's policy of development and diversification.

UK limits Wolseley-Hughes growth to 25%

THE RATE of growth at Wolseley-Hughes slowed in the first half of the 1984-85 year, but the group still managed a 25 per cent increase in taxable profits. Profit growth last year was 64 per cent.

The result for the six months to January 1 1985 showed a rise from £10.94m to £13.31m, with substantial increases in the U.S. and the domestic market.

Group turnover moved ahead from £209.22m to £257.95m.

Mr Jeremy Lancaster, the chairman, says that the outlook for the remainder of the financial year is for a continuation of this trading climate.

Wolseley-Hughes Merchants, the major UK distribution offshoot, "held its own." Divisional trading profits were virtually unchanged at £7.2m (£7.05m) in what the chairman considers to be a fiercely competitive market where there was no overall growth. Divisional sales came to £114.96m (£107.16m).

On the other hand, the U.S. distribution subsidiary, Ferguson Enterprises, lifted trading profits from £3.05m to £3.94m on turnover £43.57m ahead at £122.22m.

The market there continues to be buoyant, says the chairman, despite regional variations. "Many of the Ferguson branches are well situated in a number of advantageous locations." The group's results for the half-year benefited by some 20.68m as a result of favourable exchange rates.

As regards other activities, the chairman says that the uncertainty and anxiety felt by farmers were responsible for lower sales and profits in the agricultural machinery division.

These were £9.65m (£10.59m) and £604,000 (£763,000) respectively.

Improved throughput helped the engineering division to lift trading profits from £392,000 to £326,000 on sales unchanged at £7.12m. Plastic sales were down from £5.38m to £3.37m, but there was a £76,000 rise in profit to £378,000.

The directors have in effect declared an increase in the interim dividend from 2.675p to 3p. The total last year — when profits surged by over £10m to £25.95m on the strength of the distribution division's performance — was an equivalent 8.75p. Earnings per share for the half year are stated at 18.25p (14.88p adjusted).

Interest charges rose from £943,000 to £1.34m after which taxable profits were subject to

UK corporation tax at £3.33m (£3.17m) and overseas tax at £1.62m (£889,000), to leave net profits at £23.36m against £8.81m. The dividend will account for £1.37m (£1.22m) of this.

At the period end the group's sterling balances were roughly the same as at the year end. However, dollar borrowings, when converted into sterling, increased by about £13m, of which around £6m arose from exchange rate reductions.

rather flat out-turn in the UK, reflecting the respective state of the construction industry in each country. The contrast only serves to emphasise the wisdom of the group's move into the U.S. three years ago — indeed next year or 1987 at the latest, U.S. distribution profits should comfortably exceed the UK. This is not to deny the UK performance — the slight profit improvement should compare favourably with the expected results of other building materials groups due in the next few weeks. Wolseley-Hughes share have deservedly fallen less against the market than comparable distributors in the past year — with the U.S. connection they should continue to have strong defensive qualities. The shares, up 5p to 320p, trade on a multiple of eight, assuring full-year profits of £28.5m and a 35 per cent tax charge.

comment

The City could scarcely believe the profit flow last year from Wolseley-Hughes' plumbing and heating equipment distribution on both sides of the Atlantic. This year's performance is likely to be more modest with another strong U.S. result matched by a

OCL profits hit by tax charge

BY ANDREW FISHER, SHIPPING CORRESPONDENT

OVERSEAS Containers, one of the world's largest container shipping companies, boosted pre-tax profits in the year to end November 1984, to a record £55.6m from £14.2m, but showed a loss after sharply increased tax and special charges.

Mr Kerry St Johnston, chairman, repeated warnings expressed in the industry about "the dangerously competitive future in the Far Eastern trades." OCL is owned by Peninsular and Oriental Steam Navigation (47.4 per cent), Ocean Transport and Trading (32.8 per cent) and British and Commonwealth Shipping (19.8 per cent).

The main charge eroding

profits was £38m to cover extra tax OCL expects to have to pay in the next five to 10 years as a result of the 1984 Budget. This has previously been regarded as deferred indefinitely. Last year's budget withdrew the tax allowances on investments with the industry had enjoyed. Companies have been campaigning for these to be restored in the Budget next week.

OCL also incurred losses and made provisions totalling £3m as a result of the withdrawal of its combi-vessels (able to take cargoes in containerised and non-containerised form) from the Far East-Gulf back-up service.

OCL's attributable loss was £9.6m against a profit of £4.7m the previous year.

Turnover for the year was £555m (£516.4m). Loans and leases due after more than one year were down to £108m (£180m), with deferred tax up to £49m (£3.9m).

OCL, whose routes cover Europe, South Africa, the Gulf, the Far East, Australia and New Zealand, said present trading was satisfactory, but too much capacity was entering routes to the Far East.

Mr St Johnston said: "Increasing competition and a less favourable currency situation could adversely affect results in the latter part of the year."

Disappointing first half expected for Blundell

AT YESTERDAY'S annual meeting of Blundell-Permezzese Holdings, shareholders were warned that the company made a poor start to the year.

Mr Robert White, chairman, said that even with the improvement expected in the spring, it was likely that results for the first part of the year would be disappointing.

He said that the directors anticipated maintaining last year's total dividend, of 7p, provided there was no further deterioration in trading in the coming months.

The severely competitive trading conditions which operated in the company's principal market

months of the past financial year had continued into the current year, he said. Despite this, the company had announced price increases effective from April 1, which would offset rising raw material costs.

Furthermore, he said, margins would be helped by the progressive effect of planned cost cutting, which would include a reduction in employees of some 60 people by the year end.

In 1983/84 profits of this paintmaker and supplier to the building industry fell from £2.04m to £1.24m.

The company's shares closed at 132p yesterday, down 5p.

Lowe Howard-Spink tops profit forecast at £2.4m

Lowe Howard-Spink Campbell-Ewald Holdings, an advertising agency group, exceeded profit and dividend forecasts for 1984 made at the time of the company's flotation last June.

Pre-tax profit was £2.36m (£1.01m) against a forecast of not less than £2.25m for the year to December 31 1984. Turnover was up at £52.4m (£46.71m) — £56m was forecast.

Extraordinary costs of £260,000 in 1983, arose mainly from the merger of Lowe & Howard-Spink with Wasey Campbell-Ewald.

Earnings per share were stated at 12.2p (4.4p) and a final dividend of 2.6p will be paid, against 2.4p forecast at the time of flotation. There was no interim.

Comparison figures have been calculated as if the companies comprising the group had been combined throughout 1983.

Mr Frank Lowe, chairman, says the company made excellent progress in attracting major clients and has extended its work for existing clients, who include General Motors, L'Oréal, Whitbread and Unilever.

Mr Lowe says he looks forward to 1985 confident that the company will continue to meet its objectives of highly creative and effective advertising, with

overall growth and financial stability.

comment

Market sentiment has improved significantly since around two-thirds of the shares of Lowe Howard-Spink Campbell-Ewald were left without a taker at the last June when the advertising agency came to the market. The shares added a further 5p to close at a high of 315p after pre-tax profits comfortably exceeded the £2.25m prospectus forecast. The arrival of Tim Bell as group chief executive from Saatchi and Saatchi began the re-rating, which has probably gone as far as it can until the agency comes up with some exciting news. Analysts expect pre-tax profits to rise to £2.75m in the current year based on the existing client base. That gives a prospective p/e of 22 assuming a 45 per cent tax charge. Lowe Howard has shown that it is a very tightly run shop achieving generous 4.1 per cent margins, way above the sector average. Its aim is to maintain market share and win some big new clients; a new business department has been set up for the purpose. An acquisition also looks likely, either in the UK or Europe.

Quotron hopes to take on Reuters after SE quote

BY MICHAEL MORGAN IN NEW YORK

IN ORDER to help the expansion of its foreign operations, Quotron Systems, the Los Angeles-based computerised financial information supplier, is seeking a quotation on the London Stock Exchange. Dealings are expected to start on March 29.

The company, which also develops and manufactures its own computer hardware and software systems, is currently completing its London computer centre which it sees as the gateway to an increase in its foreign business.

The company recognises that it faces stiff opposition from Reuters, but expects to meet the challenge by offering more comprehensive stock market listings, backed up by fundamental, technical and research data on quoted companies.

Quotron recently reported a 12 per cent rise in 1984 net

income to \$36.82m (£24.67m) on revenues that rose 23 per cent to \$189.79m.

Quotron, founded in 1957, was the first company to offer electronic stock quotations. Today, it supplies on-line financial information on stocks, bonds, options, commodities and futures to around 72,000 customer terminals in more than 6,800 U.S. locations.

The development of its activities outside America is part of a two-way trade. As financial markets become more international Quotron has seen a demand from existing U.S. users for market information from Europe and the Far East.

The company already has eight computer centres around the U.S. London will become its ninth centre, enabling U.S. data markets and for European and Far Eastern information to flow in the opposite direction.

PRELIMINARY RESULTS - 1984

Ultramar

CONTINUED GROWTH

- Turnover exceeds £3 billion for the first time.
- Net profit increased to £127.6 million.
- Cash flow at an all time high of £215.4 million.
- Total net dividend up from 8½p to 10p per share.
- Record oil and gas production of 83,000 barrels per day of oil equivalent compared to 41,000 barrels per day in 1983.
- Increase in attributable reserves to 615 million barrels of oil equivalent from 400 million barrels in 1983.
- Full potential of major capital projects not yet realised.
- Acquisition of 50 per cent of ENSTAR boosts reserves and production.
- 1985 has started well.

SUMMARY OF FINANCIAL RESULTS

	Year 1984 £ million	Year 1983 £ million
Turnover (Sales revenue)	3,260.4	2,057.1
Profit on ordinary activities before taxation	284.9	156.0
Profit on ordinary activities after taxation	127.6	122.1
Cash flow from operations	215.4	124.5
Capital expenditures (including acquisitions of new subsidiary and associated companies)	287.7	306.2

OPERATING RESULTS

	Year 1984	Year 1983
Sales of oil (barrels per day)	291,200	241,100
Oil refined (barrels per day)	104,000	88,400
Oil produced (barrels per day)	26,400	10,600
Gas produced (thousands of cubic feet per day)	340,000	183,800
Gross wells drilled	315	157
Oil and gas wells completed (in which the Group has varying interests)	201	105

Victor

Victor Products PLC

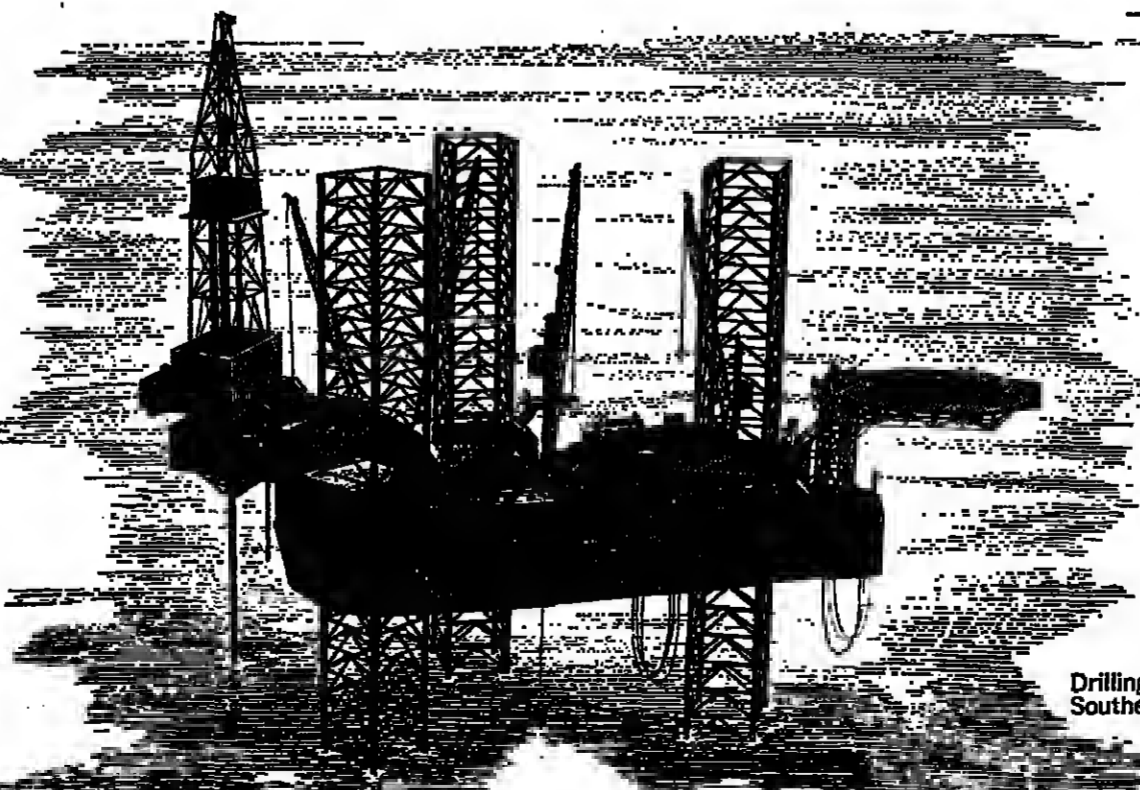
Summary of results (unaudited) for the six months ended 31st October 1984

	Six months to 31.10.84	Six months to 31.10.83	Year ended 30.04.84
Turnover	6,853	7,287	18,793
Profit before Taxation	(549)	508	1,113
Taxation (Note 1)	(104)	(152)	(204)
Profit on ordinary activities after Taxation	(653)	356	909
Extraordinary items adjusted for attributable Taxation	—	—	(283)
Profit attributable to the Group after Taxation	(653)	356	620
Dividends			
Preference Shares	(38)	(38)	(76)
Ordinary Shares	(123)	(123)	(123)
Interim (Note 2)	—	—	(228)
Final	(814)	195	192
Profit retained			
Earnings per Ordinary Share of 25p each	(9.04p)	4.16p	7.1p

NOTES:

1. Overseas tax of £35,000 at the appropriate rate and Advance Corporation Tax of £50,000 relating to the interim dividend has been provided.
2. The interim dividend of 1.5p per share will be paid on 8th April 1985 to shareholders whose names appear on the register on 15th April 1985. The equivalent interim dividend for 1983/84 was 1.5p.
3. The above unaudited financial information does not amount to full accounts within the meaning of Section 11 of the Companies Act 1981.

P.O. Box, Wallsend, Tyne & Wear NE28 6PP



Drilling on Block 49/5 in the Southern North Sea Basin



Ultramar

Morgan House, 1 Angel Court
London EC2R 7AU

For a copy of the 1984 Preliminary Announcement please write to the Company Secretary at the above address.

UK COMPANY NEWS

Utd. Biscuits up 5% and calls for £98m

United Biscuits (Holdings), the largest biscuit manufacturing group outside the U.S., yesterday reported a modest 5 per cent increase in pre-tax profits to £87.2m for 1984 and unveiled plans to raise £98.2m out of way of a rights issue.

This is the year's fifth largest rights issue behind Barclays, Trafalgar House, STC, and Royal Bank of Scotland and brings the running total for this fund raising method to £1.47bn, compared with £1.99bn for the whole of 1984.

Sir Hector Laing, group chairman, says that the cash call is needed to both strengthen the balance sheet and finance continued expansion—at the end of 1984 net borrowings amounted to £249m compared with shareholders' funds of £302m and interest payable on 1984 rose from £16.1m to £23.4m.

United last made a rights issue in 1980, raising £34m. Since then, £87m has been invested in fixed assets in the UK, efficiency improvements have cost £26m, and Keebler, the U.S. subsidiary, has invested the equivalent of £110m in capital expenditure.

The profit and loss account in 1984 had to absorb £35.5m of extraordinary debts which, after dividends, left the retained balance at £400,000. In 1984 there was only a £2.6m charge for rationalisation, closure and deferred tax resulting in the bottom line profit of £36.7m.

Although 1984 marked the 14th consecutive year of record sales, up from £1.52bn to £1.74bn, and profits, Sir Hector says that the pre-tax profit increase is modest.

But, he says 1984 has been a year of very significant progress. UK businesses increased trading profits by 25 per cent, UB Biscuits achieved a 21 per cent rise plus share improvements in both the biscuit and confectionery markets, and UB Foods contributed 24 per cent more with volume growth in all of its sectors.

The restaurant companies, Wimpey and UB Restaurants

	Turnover		Trading profit		% change 1984/83
	1984 (£m)	1983 (£m)	1984 (£m)	1983 (£m)	
UK					
Biscuits	379.4	345.5	42.5	35.1	21.1
Foods	251.6	228.1	23.9	19.2	24.5
Frozen Foods	113.9	84.7	0.4	1.0	-60.0
Other	208.2	185.8	10.9	7.1	53.5
North America					
Keebler	695.0	500.5	32.3	37.1	-12.9
Other	89.8	87.7	7.8	6.4	21.9
Rest of World	50.6	35.8	0.5	1.1	-54.5
Total*	1,743.1	1,424.7	106.4	99.4	11.3

* Less inter-company sales and unallocated costs.

and profits, Sir Hector says that the pre-tax profit increase is modest.

But, he says 1984 has been a year of very significant progress. UK businesses increased trading profits by 25 per cent, UB Biscuits achieved a 21 per cent rise plus share improvements in both the biscuit and confectionery markets, and UB Foods contributed 24 per cent more with volume growth in all of its sectors.

The restaurant companies, Wimpey and UB Restaurants

combined, lifted profits by 34 per cent, and all parts of the frozen foods company were profitable with the exception of TFC-Sorge.

However, on the other side of the Atlantic, Keebler's sales rose by more than 21 per cent but trading profits fell by 23 per cent to dollar terms—the first fall in more than a decade.

This was due, the chairman says, to price competition in soft cookies and associated marketing costs, as well as the costs of entering the West Coast and

the salty snacks markets. A favourable exchange rate reduced the decline in profits to 13 per cent in sterling terms.

Shareholders are set to receive a 1.7 per cent increase in their dividends. The directors are recommending a final payment of 4.3p, against 4.3p, making a total of 7.5p compared with 7p.

This is covered more than twice by stated earnings per share of 13.6p against 18.3p, after tax of 24.7m (£28.4m).

The rights share, underwritten



by Morgan Grenfell & Co. are being offered on a one-for-five basis at 188p each, giving a discount of 16 per cent to last night's closing price of 188p, down 4p.

United hopes to at least maintain the total dividend for this year at 7.5p on the enlarged share capital.

Sir Hector says that the outlook for 1985 is encouraging, although the months of January and February are traditionally quiet and this year has proved no exception.

He expects a strong operating performance in the UK, Keebler's results, he says, will depend on the intensity and the duration of the "cookie war," but its market share gains in 1984 are an encouraging indication of the future.

Keebler is being sued by Procter & Gamble which alleges patent infringement by Keebler in its line of "Soft Batches" cookies. Keebler is strongly defending the case which is in its early stages, and has refuted the validity of the Procter & Gamble patent and denied its infringement.

During the second half of the year, the traditionally said cookie market experienced unprecedented volume growth.

Keebler's tonnage increased by nearly double that level, an increase attributable entirely to the new soft cookie range, "Soft Batch," the U.S. state.

Second half improvement lifts Invergordon by 14%

INCLUDING a six months contribution from Ronald Morrison and Co, acquired last July, Invergordon Distillers (Holdings) has increased taxable profits by 14 per cent in 1984.

The result was a rise from £3.63m to £4.13m, and followed a first half virtually static at £1.84m. Invergordon is 76 per cent owned by Carlton Industries, of which the ultimate holding company is Hawker Siddeley.

The final dividend is 0.25p based on 2.75p for a 4.25p total, up from 4p. After tax at £1.27m (£1.07m), earnings per share are given at 14.7p (13.11p).

Turnover improved from £22.96m to £23.96m.

comment

Brand-loyal whisky drinkers in the bars of New York didn't realise they were the test market for Invergordon's Scots Grey, leached through distributor Ancient Age about 15 months ago. Sales dropped, well short of the 100,000 cases Invergordon had hoped for. (Australia, bow-

ever, welcomed Scots Grey and Invergordon expects sales of 50,000 cases down under next year). Nonetheless, the group managed £500,000 of progress in 1984, mainly from sales of fillings to the major blending houses in the UK—J & B, Teachers, Cutty Sark, Grouse—which makes up 70 per cent of its business. Sales of bulk and bottled blends make up the other 30 per cent and half of this goes to Europe. Invergordon's progress, though slight, was achieved in a contracting market place, mostly from generic scotch from the shelves of Sainsbury's and battling to regain customers converted to white spirits, wine and water. And the phenomenal growth of single malt (exports increased 15.5 per cent in 1984) has forced Invergordon to push its own brand. Outlook for this year? Similar, although Invergordon sees a swing back to hard spirits in 1985, Hawker Siddeley is quick to dispel rumours that it wants to sell Invergordon shares which rose 5p to 132p where the p/e is 9.

Pit strike hits Victor Products

Victor Products slumped into the red in the first half of 1984-85 mainly as a consequence of the miners' strike, says Mr L. R. Mann, group chairman.

The dispute, he says, reduced the company's NCB related business to fall to a little more than a quarter of the normal level, and points out that NCB business is not likely to return to its former level.

Victor, which manufactures industrial and mining equipment, experienced a decline in sales from £7.27m to £6.85m and incurred losses of £549,000 pre-tax, against £508,000, for the period to end-October 1984.

Despite this, however, the board is confident of making an early return to profitability and is holding the interim dividend at 1.0p per share the loss per share was 3.04m (earnings 4.15p) after tax of £104,000 (£152,000).

Regarding the NCB situation, Mr Mann says that efforts are continuing to break into new markets and to accelerate the advancement of new designs, particularly in export markets, given sterling's lower value.

Dunlop's reduced loss led BTR to increase offer

BY CHARLES BATCHELOR

Dunlop, the tyre and rubber products group, yesterday revealed the financial information for the year ended December 1984 from £16.5m to £18.5m, showing that it made an operating profit of £7.1m on turnover of £1.53bn. This compared with a profit of £5.1m on turnover of £1.4bn the year before.

Dunlop's net profit of £7.1m compared with £7.1m the year before after unchanged financing charges of £5.1m.

The £7.1m of extraordinary losses included £2.3m to write down the U.S. tyre business to a realisable value and just over £50m of rationalisation costs for ongoing businesses. No further rationalisation costs for ongoing businesses will be needed this year.

In considering BTR's offer, we were conscious that we were only two months into the year and the bulk of our rationalisation and divestment programmes had still to be successfully implemented. Sir Michael Edwards wrote.

"We were about to have to ask our shareholders to put up a very large sum of new money to recapitalize the company and after this we did not expect there to be a significant earnings for shareholders in 1985."

"Against this background we concluded we could not recommend the continued independence of the more than trebled cash offer from BTR."

BTR's revised offer closes on March 27.

Disposals during 1985, principally of Dunlop's U.S. tyre business and plans to dispose of 100 per cent of rights issue would have reduced borrowings to less than £100m by the year end, after taking into

account operating needs. This compared with borrowings of £131m at the end of 1984.

Dunlop's management results for 1984 showed that it made an operating profit of £7.1m on turnover of £1.53bn. This compared with a profit of £5.1m on turnover of £1.4bn the year before.

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NOTICE OF SUBSTITUTION

TO THE HOLDERS OF THE NOTES

Notice is hereby given that, before the next Interest Payment Date on 27th March 1985, and in accordance with Condition 14 of the Notes and pursuant to the provisions of the Trust Deed dated 27th June 1984 between Kleinwort Benson Finance B.V. ("KBF"), Kleinwort, Benson, Lonsdale plc ("KBL") and Commercial Union Assurance Company plc (the "Trustee") constituting the Notes, (1) KBL will by substitution become the principal debtor in respect of the Notes in place of KBF and (2) Condition 7 of the Notes will be modified by relettering sub-paragraph (b) as (c) and by inserting, as a new sub-paragraph, "(b) or on behalf of a holder who, in respect of any Note or Coupon presented for payment in the United Kingdom, fails to provide a declaration of non-residence or other claim for exemption by the provision of which such withholding or deduction may be avoided; and/or". The Trustee is satisfied that, subject to execution of the relevant documents, this substitution and modification will properly be made under the Trust Deed and the Notes.

The Notes in the Initial Tranche will continue to be represented by the same temporary global note which will be exchangeable for definitive Notes, with interest coupons, in accordance with the terms of such temporary global note and the Trust Deed.

After 27th March 1985, a short description of the substitution will be available in the statistical services of Exel Statistical Service Limited, and copies of the Trust Deed and Supplemental Trust Deed will be available for inspection at the specified offices of the Paying Agents.

14 March 1985

Kleinwort Benson Finance B.V.

The Ashdown Investment Trust Public Limited Company

Managed by J. Henry Schroder Wagg & Co. Limited

The Annual General Meeting was held at 120 Cheapside, London EC2 on Wednesday, 13 March, 1985.

The following is a summary of the Report by the Directors for the year ended 30 November, 1984.

	1984	1983
Total Revenue	£1,686,618	£1,393,247
Revenue after taxation and expenses	£ 946,695	£ 751,702
Earnings per Ordinary Share	8.63p	6.83p
Ordinary dividends for the year net per share	8.20p	7.00p
Net asset value per 25p Ordinary Share	459.1p	428.0p

Copies of the Report and Accounts are available from the Secretaries, J. Henry Schroder Wagg & Co. Limited, 120 Cheapside, London EC2V 8DS.

Opus buys troubled Wren

Opus Supplies, which sells peripherals for home computers, has bought Wren Computers from the Receiver of Wren's subsidiary of Prism Technology and went into receivership in January.

Opus refused to say how much it paid for the company but it is believed to have been around £200,000 plus a royalty on sales of Wren products. Until the sale, Wren management had been trying to buy the company and raised the money at the time the deal with Opus was being made.

Opus is best known for supplying disc drives for the BBC Micro, made by Acorn Computers. Opus refused to say what plans it had for Wren or whether it would recruit any of the company's former employees who were made redundant last week.

The Wren is a low-cost port-

able computer which was manufactured by Thorn EMU Dataflex. The business plan drawn up by the former management predicted profits of £780,000 on sales of £3.8m in the current year.

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The Wren is a low-cost port-

Bensons' plans for expansion backfire

By Lionel Barber

Bensons Crisps, a fast-growing USM stock, yesterday admitted it had run into trouble and announced a £1.8m refinancing package.

Bensons, based in Kirkham near Preston, said it had suffered £840,000 trading losses after doubling turnover last year to more than £10m.

"We bit off more than we could chew," said Mr Malcolm Jones, chairman and managing director. He said the company's problems arose from an ambitious plan to expand crisp production at a new plant in Newport, South Wales.

Two years ago, just after Bensons joined the USM, the board decided to move into Newport, Mr Jones's hometown. The idea was to achieve geographical spread for the business. But even before the plant came on stream, Bensons hit trouble.

Firstly, the plant, rented from the Welsh Development Authority, was two months late in opening. "We found ourselves sitting in with the builders," said Mr Jones. By this time, Bensons had hired salesmen, overheads were soaring, and an effective sales campaign had created big orders which the plant could not satisfy.

When the plant finally opened in January 1984, the order backlog was such that Bensons had to produce at Kirkham and buy in crisps from outside suppliers. Then came the "great potato disaster".

Bensons had negotiated contract prices for potatoes at £120 a ton. But in the early months of 1984, with sales booming, it was forced to buy on the open market—at £240 a ton. "It was a very hairy experience," said Mr Jones.

To compound the company's problems, Bensons had bought a second business, XL Crisps, from Associated British Foods, for £275,000. XL, based in Great Harwood, near Blackburn, was supposed to be able to satisfy pent-up demand, but production problems stymied any chance of fully meeting orders.

The company was forced to boost production at Newport, and within four months of opening, the plant was operating three shifts and employing 130 people. But production problems ensued, leaving the company with total non-recurring costs of more than £400,000. "We would stress that the situation has now stabilised," said Mr Jones, pointing out that the Newport plant was now making a small profit.

Under the refinancing package, the company's bankers, Williams & Partners, has agreed to provide overdraft facilities of £1.2m. Lancashire Enterprises, the industrial aid scheme launched by Lancashire County Council, will provide additional loans of £550,000.

The Welsh Development Agency has also guaranteed a £150,000 advance by Barclays Bank under the European Coal and Steel Community loan scheme.

Mr Jones said he was sure the refinancing would increase efficiency and restore profitability.

Stakis buys 51 Dee off-linences for £5.7m

Stakis, the hotel and casino group, is substantially expanding its wines and spirits distribution business by buying 51 off-linences from Dee Corporation, the supermarket group, for £5.7m.

The retailers, mainly in the North-west, were part of the Lennons chain acquired by Dee last year. Dee has already sold 15 off-linences to International Computers and Distributors for £1.15m and plans to retain the remainder as they are adjacent to supermarkets.

Dee, headed by Mr Alec Monk, bought International Stores last year and is offering about £300m for food distribution and agricultural business group Booker McConnell.

Stakis is due to pay cash by April 9 for the 51 stores, which will extend the coverage of its Haddons wine and spirits division. It operates 103 off-linences in Scotland. The shops being purchased had a turnover of £14.8m in the year ended March 31 1984.

IBS agrees £5.4m bid by Wheelabrator

Wheelabrator International, part of the U.S. Signal Companies group, is to make an agreed bid worth £5.4m for Immediate Business Systems, manufacturer of portable computerised billing systems for gas and electricity companies.

IBS came to the USM in February 1982 forecasting a loss, which it duly made. Just over a year later it made a £2.5m rights issue. Business failed to pick up and in February 1984 shares were suspended while a refinancing package—a £2.35m rights issue—was worked out.

IBS made a reduced loss of £845,000 in the six months ended September 1984 against a loss of £1.23m in the comparable period.

Wheelabrator's offer of 40p for each IBS share has been irrevocably accepted by the directors and other holders of a total 5.46 per cent of the shares.

Variables in SA gold producers' equation

BY KENNETH MARSTON, MINING EDITOR

LOOKING AT gold price prospects for this year Mr C. G. Knobbs, chairman of South Africa's veteran and now marginal East Rand Proprietary Mines (ERPM) and Durban Deep gold producers, expects some improvement in the U.S. price but sees no obvious prospect of a major rally because of Soviet sales and lower oil prices.

He notes the recent strengthening of the South African rand following the Reserve Bank's decision to retain a much greater amount of dollars and to tighten its control over the commercial banks' foreign exchange dealings.

The anticipated stronger rand, he feels, should result in an average amount of dollars and to tighten its control over the commercial banks' foreign exchange dealings.

This does not offer any prospect of Durban Deep paying a dividend this year in view of its £16.5m (£7.7m) capital spending programme and battle against rising costs. Nor is there any hope of a dividend from ERPM until its Far Eastern vertical shaft systems are commissioned in 1985.

This short system, originally proposed in 1980, is vital for the future of the mine. It would give access to higher grade ore, increase production and considerably lower unit costs.

Kidd Creek chief warns on costs and productivity

IF CANADA'S mining industry is to survive the next few years, markets of the late-1980s it will have to continue controlling costs and increasing productivity, according to Mr Donald C. Lowe, president and chief executive officer of Kidd Creek Mines, the precious and base metal-producing subsidiary of the Government-owned Canada Development Corporation.

He noted that in a world where productivity and cost efficiency were becoming the watchwords of survival, Canada was suffering from a productivity crisis. "Productivity levels, as measured by real gross national product per person employed are now 18 per cent below those of the United States... our performance is well below that of other countries," added Mr Lowe.

He announced that Kidd Creek had earned C\$16.9m (£11.5m) in 1984 following two years of losses (the loss in 1983 was C\$1.2m), "thanks largely to continued emphasis on increasing productivity and costs."

During the fourth quarter, earnings amounted to C\$11.9m and reflected increased sales coupled with lower interest rates and a weakening in the Canadian dollar. Last year, Kidd Creek announced a C\$60m phased expansion and upgrading of its Timmins, Ontario, copper smelter and refinery.

Meanwhile, Eddie Ray Miner and Kidd Creek have entered into an agreement to carry out a feasibility study of the latter's base and precious metals deposit at Ink Lake, about 45 miles from the town of Timmins, in the gold mine in Canada's Northwest Territories. The study is due to be completed by June, 1986, at an estimated cost of C\$800,000.

Technical innovation generated by Telemetrix Research has enabled it to win several important design and development contracts including one valued in excess of £500,000.

The group adds that its products are directed at a number of specialist markets not generally susceptible to variations in consumer demand. This allows high margins to be maintained while offering a secure base for the future.

Mr Roy Cole, chairman and managing director, says: "While these results are highly satisfactory, our sales and revenues continue to be constrained by our production capacity."

With the resolution of this problem, he anticipates further growth in the current year with the objective of becoming a major world force in target markets.

comment

With these results Telemetrix has put its recent production behind it, a legacy which, in the longer term, will probably be seen to have been just an unfortunate six-month setback in

Land Investors

Land Investors, property development group, reported pre-tax profit virtually unchanged in the six months to September 23 1984 at £2.8m. Gross central income was up at £2.8m against £2.3m in the previous period.

There was an extraordinary credit of £2.26m (£1.03m), being the surplus over cost on the disposal of investment properties. Earnings per 25p ordinary share were quoted at 0.89p (0.85p) and an interim dividend of 0.5p (0.2p) will be paid.

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SECTION III - INTERNATIONAL MARKETS

FINANCIAL TIMES

Thursday March 14 1985

Norwegian bank breaks
new ground with
FRN coupon, Page 50

WALL STREET

Retail sales rise takes its toll

BOND PRICES fell by up to a full point in the credit markets yesterday after an unexpectedly large rise in retail sales during February indicated that the economy was continuing to grow at a stronger pace than many analysts had anticipated, writes Michael Morgan in New York.

Stock prices opened marginally ahead in moderately active trading but by lunchtime they began to turn down, unsettled by continued weakness in technology issues.

At the close the Dow Jones industrial average was down 10.05 at 1,261.70.

In the credit markets, bond prices fell in the wake of the 1.4 per cent rise in retail sales for February and in reaction to a federal funds rate that opened higher at 8 1/2 per cent.

With the funds rate advancing further to 8 1/2, the Fed stepped in with the addition of liquidity through a \$1.5bn customer repurchase arrangement, however, the rate later edged further up to stand at 9 per cent.

Among Treasury coupon issues, the price of the key long bond was 7/8 lower at 95 1/2 while declines of up to half a

point were seen in prices of Treasury notes.

In the money markets, yields on Treasury bills rose sharply. The three-month bill yielding 8.68 per cent was 17 basis points higher while the six-month bill yielding 9.03 per cent was 20 basis points higher. Yields on certificates of deposit were up to 30 basis points firmer.

In the stock markets, trading in American Natural Resources and Coastal Corporation was suspended as ANR said the two companies were negotiating a possible business combination under which ANR shareholders would receive \$65 a share. ANR returned to trade up \$1 1/4 at \$63 1/4 in heavy volume while Coastal was \$4 down at \$35 1/4.

Standard Oil (Indiana) added 3/4 to \$63 1/4 as it took defensive action against possible unwelcome bids.

AT&T traded down 3/4 at \$21 1/4 amid reports of a joint telecommunications venture in Japan with Toshiba.

Phibro-Salomon, the Wall Street investment banking and commodity trading group, was \$4 lower at \$37 1/4 after the latest management reorganisation at its Philip Bros non-oil commodity marketing business.

Wang Laboratories shed another 3/4 to \$20 in further reaction to its expectations of a 30 to 40 per cent drop in net income for the current quarter.

ITT picked up much of the previous day's decline to trade 3/4 higher at \$32. Its announcement of sharply lower fourth-quarter earnings came after the market had closed on Tuesday.

People's Express fell 3/4 to \$7 1/4 as the airline revealed estimated losses of between \$20m and \$25m for the first two months of 1985. Pan American eased 3/4

to \$4 1/4 as it began talks with striking ground crews.

Retailer F. W. Woolworth put on \$4 to \$40 in the wake of last year's record operating profits.

Crown Zellerbach, the paper and pulp group, added another 3/4 to \$37 1/4 in continued reaction to the stake taken by the Hong Kong-based General Oriental Investments - controlled by UK financier, Sir James Goldsmith - and two affiliates.

Castle & Cooke, the food products and property group gave up 3/4 to \$11 1/4 after its agreement to be merged with Fied-Van. The transport group, controlled by takeover specialist, Mr David Murdoch, traded \$1 higher at \$31 1/4.

In the high-technology sector, Paradyne fell \$1 1/4 to \$14 1/4 after the Department of Health and Human Services proposed spending the computer maker from further government contracts. The department alleged that Paradyne misrepresented its ability to fulfil a \$11.8m contract awarded in 1981.

Telex Corp, which makes computer-readout terminals, dipped \$1 1/4 to \$42, having traded as low as \$41 1/4 earlier in the day.

Computervision, the office automation group, fell a sharp 5/8 to \$23 1/4 in heavy volume. It predicted a break-even first quarter with lower revenue growth, and two brokerage houses lowered their opinions on the stocks.

Among actively traded issues on the NYSE, Phillips Petroleum added 3/4 to \$48 1/4, and Chrysler was \$4 ahead at \$34 1/4. On the American Stock Exchange, Data Products was an active feature, losing 3/4 to \$15 1/4.

LONDON

BNOC move unsettles sentiment

THE SCRAPPING of the British National Oil Corporation brought sudden weakness to oil stocks and generally unsettled the financial markets in London yesterday. Prior to the BNOC move, progress was steady with a constant stream of corporate statements and bid announcements stoking up selective interest.

The belief that lower bank lending rates had been postponed because of the February rise in sterling M3 was the main deterrent to investment. The likelihood of higher home loan borrowing costs and the plethora of cash calls on the market tempered the tone.

The FT Ordinary index reflected the early oscillations in the market with an opening 3.7 advance being trimmed back to a 1.8 rise by 3pm. The index closed 3 points lower at 987.4.

Gifts failed to capitalise on the more stable opening trend and eventually moved lower. A downturn in U.S. bonds - following the latest American retail sales figure - affected sentiment. Losses mounted to 1/2 by the close.

Chief price changes, Page 40; Details, Page 41; Share information service, Pages 44-45

AUSTRALIA

RESOURCE issues in Sydney picked up early gains on a weaker Australian dollar, but profit-taking developed, leaving the All Ordinaries index only 3.3 higher at 767.4.

Wormald International was a feature again with nearly 3m shares changing hands out of the total volume of 44m. The diversified industrial group gained a further 5 cents to A\$3.55 after touching A\$3.58.

Woolworths, the subject of takeover speculation for months, jumped 14 cents to A\$3.35 late in the day.

Among leading metal miners, CRA moved 8 cents ahead to A\$5.72, and MIM Holdings gained 4 cents to A\$2.87. Elsewhere, oil and gas issues were mixed, and banks were steady.

CANADA

A WEAKER bias developed in Toronto, with the main market indicator shedding more than 5 points in the first half hour of trading.

Dofasco was most active, trading CS% higher to CS26 1/4, after Tuesday's announcement of a CS32m convertible preferred share offering that could add 10m common shares to the 50.7m outstanding.

Union Enterprises was CS% stronger at CS11 1/4 amid takeover developments, while Daon turned 30 cents cheaper to CS4.20 after a setback in first-quarter profits.

A parallel weakness developed in Montreal.

SOUTH AFRICA

THE STABILITY in the bullion price injected a measure of firmness in Johannesburg gold shares, with most issues finishing near the highs for the day.

Randfontein touched R181 but settled a net R4.50 higher at R180.50 while Buffels staged a R1.50 rally to R70.50. FS Geduld was 75 cents stronger at R42.25, and Driefontein picked up R1 to R50.

Diamond leader De Beers returned above the R9 level with its 13 cents gain to R9.03, after hitting R8.10 after its annual results.

Industrials remained steady throughout the session, with Barlow Rand pegged at R9.70.

EUROPE

High-level shift to consolidate

HIGH-LEVEL consolidation was evident on most European bourses yesterday after the previous day's strong advances, but Dutch shares continued to shine.

Good results from several companies contributed to the sustained sentiment in Amsterdam as the ANP-CBS General index gained 1.2 to a new high of 208.7.

Publisher VNU, which reported a 50 per cent rise in profits, put on Ff 1.20 to Ff 215.00, and AmRo, also with healthy results, added 20 cents to Ff 78.30.

Among other banks, AEN was up Ff 1 at Ff 402.50, and NMB rose Ff 1.70 to Ff 178.20. Insurer Amey added 70 cents to Ff 219.20, and Nat-Ned was Ff 1 ahead at Ff 271.

Boskalis, the construction and dredging group, was unchanged at Ff 115.50 prior to announcing the sale of two subsidiaries.

A lack of direction in bonds left the CBS Bond index off 0.1 at 102.6. The latest 8 per cent state loan was 10 basis points up at 99.5 per cent after an earlier high of 99.7 per cent.

The previous state issue also gained, rising 40 basis points to 96.9 per cent, and an 8.5 per cent 1984-88/91 loan was 30 basis points higher at 102.6 per cent, down from a high of 102.8.

Hesitation ahead of today's Bundesbank council meeting set the tone in Frankfurt, where prices ended mixed as traders consolidated gains from the previous day.

The Commerzbank index eased 1.8 to 1,214.3 from Tuesday's post-war record. The motor sector was mostly higher, with Porsche gaining a relatively modest DM 5 to DM 1,380, Daimler-Benz DM 2 to DM 885 and VW DM 1 to DM 200. BMW, however, slipped DM 2 to DM 265.

Profit-taking hit Siemens after its recent surge to take it DM 3.50 lower to DM 570, and another electrical, Brown-Boveri, was down DM 3 at DM 214.

The banking sector also suffered, with Bayerische Vereinsbank losing DM 3.50 to DM 324 and Dresdner off DM 1 at DM 186.2, ex-rights.

Luftansa lost DM 5 to DM 191 amid higher profits for 1984.

Bonds were firmer mostly on short-covering ahead of the Bundesbank meeting, which is expected to keep leading interest rates unchanged. The Bundesbank sold DM 31.8m worth of paper into the market against DM 45.9m sales in the previous session.

The firmer tone set in Paris over the past couple of days continued. Some stores remained popular, with Au Printemps hitting a year-high of FFr 216, up FFr 11. Carrefour, however, surrendered its previous FFr 30 gain to fall from a record high to FFr 1,960.

Peugeot, which announced plans to build a motor assembly plant in China, made a modest gain of FFr 7 to FFr 285.

Trading in financial and industrial is-

ssues was active in Zurich, but most sectors closed steady. Jacobs-Suchard, continuing unchanged at SwFr 6,250, said it planned to raise capital through a one-for-three rights issue.

Credit Suisse was also unchanged at SwFr 2,420, with speculation that it is negotiating a takeover of the West German bank Effectenbank-Warburg AG having no impact.

Among special situation stocks, Hero gained another SwFr 75 to SwFr 4,200 on takeover speculation after rising SwFr 125 on Tuesday.

Bonds closed steady in relatively quiet trading. Brussels edged higher in moderate trading with insurer Royal Belge recovering some of Tuesday's losses to end up BFf 150 at BFf 10,850.

In Milan, prices generally moved higher as investors made adjustments in advance of monthly settlements. Fiat ended unchanged at L3,000 but was active in after-bourse trading.

Moving against the trend, Rinascenti ended lower for the second straight session, losing L4 to L670.50.

A subdued mood adopted on the previous day in Madrid continued to keep stocks lower. Construction, electrical and chemical issues suffered, while banks recorded some advances.

U.S. interest in Stockholm took prices significantly higher in active trading before the close. Ericsson, which suffered on Monday when the group reported its annual profits, put on SKr 15 to SKr 265.

TOKYO

Big capital appeal fuels record gain

TAKING its cue from Tuesday's small rally, the stock market posted a hefty gain in Tokyo yesterday. Share prices rose on a broad front with buying interest centring on medium and low-priced shares, writes Shigeo Nishitaki of Jiji Press.

Investors flocked to buy big-capital shipbuilders and some steel issues. They also sought stocks related to new materials, such as amorphous alloys, instead of the recently-favoured biotechnology issues.

The Nikkei-Dow market average jumped 122.39 to 12,419.26, the largest daily gain this year, exceeding the previous record rise of 117.58 on January 30. Volume swelled to 536m shares from Tuesday's 336m. Gains outnumbered declines by 501 to 253, with 183 issues unchanged.

Prominent among large-capital issues was Mitsubishi Heavy Industries, which drew strength from improved earnings forecasts, gaining Y12 to Y271. According to a Nikko Securities survey, MHI's earnings forecast for the accounting year ending this March has improved to more than Y80bn from Y85bn, and a minimum profit of Y95bn is predicted for fiscal 1986.

Ishikawajima-Harima Heavy Industries also attracted buyers, adding Y8 to Y162. In the steel sector, Nippon Steel

firmed Y4 to Y156. Other large-capital gainers included Tokyo Electric Power and Kansai Electric Power which climbed Y80 to Y1,580 and Y40 to Y1,370 respectively.

MHI topped the most active list with 41.34m shares changing hands, and Nippon Steel, Ishikawajima-Harima Heavy Industries and Kawasaki Steel were also among the busiest issues.

Replacing biotechnology issues, stocks related to new materials, such as amorphous alloys, continued to attract buying interest, with Mitsubishi Steel Manufacturing rising Y17 to Y393. Unitika, second busiest with 24.91m shares, put on Y8 to Y253 and Onoda Cement Y10 to Y401.

China-related Mitsui Construction came third on the active list with 14.91m shares, rising Y12 to Y330. Nikkiso added Y56 to Y780 on good prospects for its new-type pumps.

Some financial stocks regained popularity among investors. Yasuda Trust and Banking firmed Y10 to Y870, Yasuda Fire and Marine Insurance Y34 to Y439, Nomura Securities Y20 to Y1,150 and Daiwa Securities Y38 to Y833.

The bond market performed well, reflecting the good showing on the U.S. credit market on Tuesday and speculation that the U.S. dollar had peaked against the yen. Institutional investors, such as city banks and trust banks, bought bonds in small lots of Y1bn to Y2bn, in anticipation of short-term gains.

The yield on the benchmark 7.3 per cent 10-year government bond due in December 1993 slipped to 6.825 per cent from Tuesday's 6.870 per cent.

HONG KONG

DISAPPOINTING results from leading companies triggered heavy selling pressure in Hong Kong. The Hang Seng index dropped 35.88 to 1,335.82 in heavy trading for the regular half-day session.

Following results, Hongkong Bank turned 20 cents cheaper to HK\$8.55, and Hongkong Electric lost 15 cents to HK\$7.15. Wheelock Marden "A" moved 10 cents higher to HK\$7.45 but finished 5 cents ahead at HK\$7.40, the bid price of HK Wharf, which dipped 5 cents to HK\$6.30. This prompted speculation that Singapore businessman Koo Teck Puan might raise his takeover offer of HK\$7 for Wheelock.

Elsewhere, Cheung Kong fell 40 cents to HK\$13.20, and Hutchison Whampoa and Swire Pacific each shed 50 cents to HK\$19.50 and HK\$21.20. China Light was steady at HK\$13.90.

SINGAPORE

STEADY selling pressure forced Singapore lower and took the Straits Times industrial index 6.71 down to 831.31.

Supreme Corp was most active and closed 3 cents off at S\$1.76 while Promet, which reported a sharp contraction in 1984 profits, surrendered 3 cents to S\$1.54 in heavy trading.

Other steep falls were recorded by Metro, 84 cents lower at S\$3.70, while Ssangyong finished 21 cents down at S\$2.38. Growth Industries Holdings turned 13 cents off at S\$2.12. Falls of 5 cents were recorded for Genting at S\$5.70 and Singapore Press at S\$6.20.

Hotels, properties and commodities eased in line with the general trend.

KEY MARKET MONITORS



NEW YORK			
	Mar 13	Previous	Year ago
DJ Industrials	1,261.70	1,271.75	1,184.79
DJ Transport	608.61	615.59	511.21
DJ Utilities	148.44	149.03	126.25
S&P Composite	178.19	179.68	156.78

LONDON			
	Mar 13	Previous	Year ago
FT Ord	987.4	990.4	984.6
FT-SE 100	1,236.2	1,300.0	1,082.5
FT-A All-share	624.79	626.88	513.74
FT-A 500	683.41	685.10	556.00
FT Gold mines	484.1	481.7	703.1
FT-A Long gilt	10.81	10.77	10.01

TOKYO			
	Mar 13	Previous	Year ago
Nikkei-Dow	12,419.26	12,296.87	10,194.7
Tokyo SE	835.53	877.14	806.80

AUSTRALIA			
	Mar 13	Previous	Year ago
All Ord.	767.4	764.1	719.0
Metals & Mins.	471.2	469.0	495.1

AUSTRIA			
	Mar 13	Previous	Year ago
Credit Aktien	72.42	73.03	55.19

BELGIUM			
	Mar 13	Previous	Year ago
Belgian SE	2,310.05	2,306.98	-

CANADA			
	Mar 13	Previous	Year ago
Toronto	2,033.1	2,059.0	2,267.0
Metals & Mins	2,594.2	2,607.6	2,400.5
Montreal	128.21	130.54	117.80

DENMARK			
	Mar 13	Previous	Year ago
Copenhagen SE	174.44	175.08	188.9

FRANCE			
	Mar 13	Previous	Year ago
CAC Gen	208.4	208.0	180.5
Ind. Tendance	113.1	112.6	85.37

WEST GERMANY			
	Mar 13	Previous	Year ago
FAZ-Aktien	419.27	420.87	344.00
Commerzbank	1,214.3	1,218.1	1,008.7

HONG KONG			
	Mar 13	Previous	Year ago
Hang Seng	1,335.82	1,371.51	1,066.24

ITALY			
	Mar 13	Previous	Year ago
Banca Com.	278.96	277.28	217.24

NETHERLANDS			
	Mar 13	Previous	Year ago
ANP-CBS Gen	209.7	208.5	159.6
ANP-CBS Ind	185.5	185.3	131.7

NORWAY			
	Mar 13	Previous	Year ago
Oslo SE	328.14	327.78	250.41

SINGAPORE			
	Mar 13	Previous	Year ago
Straits Times	831.31	838.02	1,004.70

SOUTH AFRICA			
	Mar 13	Previous	Year ago
Gold	n/a	908.0	1,039.6
Industrials	n/a	847.7	1,050.0

SPAIN			
	Mar 13	Previous	Year ago
Madrid SE	111.36	112.05	83.12

SWEDEN			
	Mar 13	Previous	Year ago
J & P	1,444.17	1,419.18	1,450.45

SWITZERLAND			
	Mar 13	Previous	Year ago
Swiss Bank Ind	426.9	426.9	382.3

WORLD			
	Mar 12	Prev	Year ago
Capital Int'l	196.6	195.9	183.1

GOLD (per ounce)			
	Mar 13	Prev	Year ago
London	\$293.50	\$288.00	\$288.00
Zurich	\$291.75	\$288.45	\$288.45
Paris (Baring)	\$293.78	\$290.12	\$290.12
Luxembourg	\$290.30	\$288.45	\$288.45
New York (Apr)	\$291.90	\$292.30	\$292.30

* Latest available figure



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Continued on Page 3

AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

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NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

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Continued on Page 40

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

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OVER-THE-COUNTER Nasdaq national market, 2:30pm prices

LONDON									
Chief price changes (in pence unless otherwise indicated)									
RISES									
Assoc. Fish	106	+ 7							
Brown (Mist)	303	- 4							
Chapman Inds.	278	+ 10							
Comm. Union	114	+ 4							
Delphy Packag.	198	+ 10							
Dunhill	513	+ 23							
Falcon Res.	460	+ 10							
Gas Petroleum	124	+ 3							
Hepworth (J)	104	- 3							
IC Gas	330	+ 10							
Laxew	75	+ 12							
Low & Bonar	373	+ 12							
Motley (J)	255	+ 8							
NSS Newmag.	116	+ 3							
Pearson	603	+ 26							
Royal B of Scot.	228	+ 8							
Smith (WR) A	292	+ 5							
FALLS									
Ex 11% 30 (E20) p	619 1/2	- 1/2							
Cons. 10% 2002	597 1/2	- 1/2							
BP	505	- 10							
Britoil	360	- 5							
Rowntree Mac	380	- 5							
Shell Trans.	777	- 5							
Thiessen	210	- 10							
Utd. Bis	188	- 4							
Amalg	1.52		102	17 1/2	17 1/2	17 1/2	17 1/2	17 1/2	17 1/2
Amalg			122	17 1/2	17 1/2	17 1/2	17 1/2	17 1/2	17 1/2
Amalg			833	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2
Amalg	.74		30	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2
Amalg			17	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2
Amalg			3	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2
Amalg			5	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2
Amalg	.62		30	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2
Amalg	.16		750	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2
Amalg			30	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2
Amalg	2.10		118	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2
Amalg			30	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2
Amalg	1.50		41	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2
Amalg			722	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2
Amalg	.30		61	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2
Amalg			17	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2
Amalg	.60		11	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2
Amalg			133	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2
Amalg	.017		57	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2
Amalg	.40		181	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2
Amalg			657	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2

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Reuters and Price Waterhouse have combined their skills in treasury strategy and information requirements, international accounting and taxation to create a unique concept - The Treasurer's Workshop.

In an intensive practical three-day session you will be given advice and direction on how to improve yields, reduce costs and manage the risks of interest rate and foreign exchange exposure.

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"The course provides a valuable review of the various rapidly developing areas of corporate treasury management. It strikes a very good balance between the explanation of the various opportunities available and the practical applications thereof."

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Mr Terry Holmes, Assistant Finance Director
"I found this a comprehensive and well focused survey of all aspects of treasury management."

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Richard Kilsby, Partner responsible for treasury control, Price Waterhouse.

Louanna Houston, Senior Treasury Consultant, Price Waterhouse.

Janet Schoene, Corporate Market Manager, Reuters.

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Matthew Devlin, Vice President, Citibank NA.
Mark Wood, Assistant Director, Barclays Bank PLC.

Charles Ford, Director, Charles Firth (Financial Services) Ltd.
John Heywood, Director, Hambro Bank Ltd.

Graham Stewart, Marketing Manager, Foreign Exchange Department, Hambro Bank Ltd.
Alfred Reynolds, City University Business School.

David Gibson, Group Finance Manager, Westland plc.

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1985 Programme: April 10-12 □ June 12-14 □
Please indicate preferred date: May 15-17 □ July 17-19 □

WORLD STOCK MARKETS

Indices

NEW YORK - DOW JONES

	March 13	March 12	March 11	March 8	March 7	March 6	1984-85	Since Completion
Industrials	1,265.78	1,271.75	1,268.56	1,271.53	1,268.37	1,265.78	1,265.78	11.22
Transport	81.82	81.59	81.71	81.37	81.58	82.23	82.23	12.32
Utilities	148.28	148.03	147.87	147.77	148.13	148.38	148.38	10.5
Trading vol	224	224	224	224	224	224	224	224

Ind. Div. Yield %: 4.81, 4.85, 4.77, 4.71

STANDARD AND POORS

	March 13	March 12	March 11	March 8	March 7	March 6	1984-85	Since Completion
Industrials	198.89	198.82	198.82	198.78	198.78	198.78	198.78	3.82
Composite	178.78	178.56	178.78	178.16	178.51	180.85	180.85	4.48

Ind. Div. Yield %: 3.83, 3.82, 3.81, 3.80

Long Gov. Bond Yield: 11.24, 11.23, 11.23, 11.21

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OVER-THE-COUNTER

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Stock: Bid, Ask, High, Low, Last, Chg.

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WORLD STOCK MARKETS

OVER-THE-COUNTER

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...and increasing investment.

Over the last five years we have invested heavily in fixed assets, in the training and development of our people, in advertising to promote and protect our brands, as well as in research and development to keep ahead in products and production technology to ensure our future.

The chart shows our impressive investment record since 1980.

Fixed assets

We have always given high priority to ensuring that our plant and equipment is the most modern in the industry and that our buildings and vehicles are kept up-to-date and efficient. In 1984 we invested £114.7m.

Advertising

Our brands are one of the company's most important assets — that's why we spend significant sums on advertising to maintain and enhance the value of these assets. In 1984 we invested £47.8m.

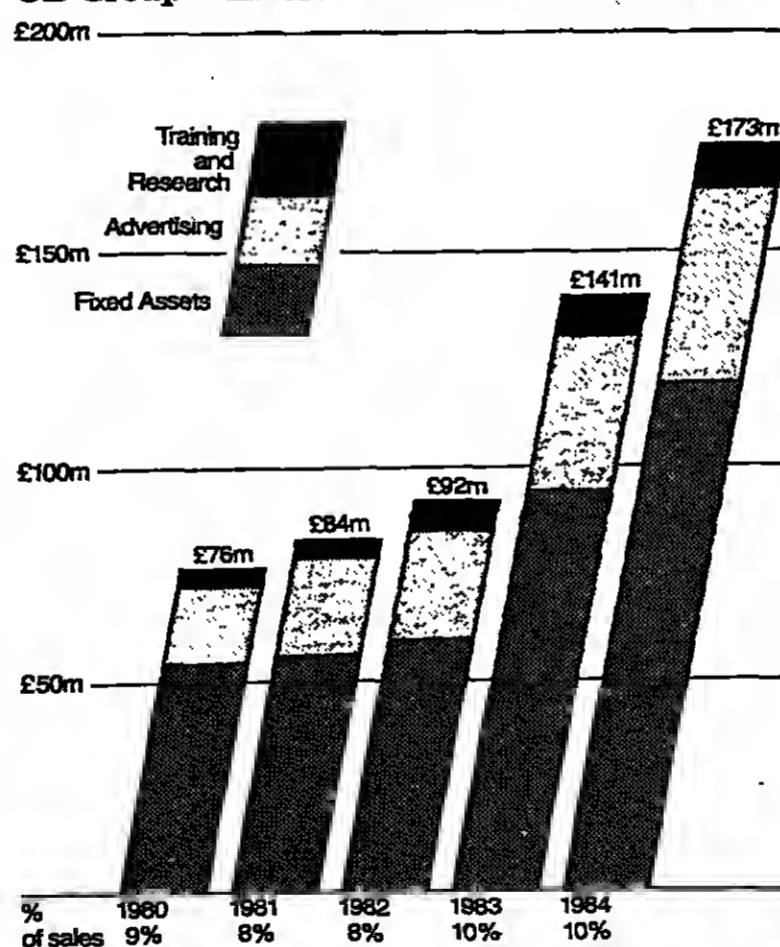
Training and staff development

These activities are the key to our future, ensuring that we have the right people to manage the resources of the business, make the most effective use of advanced equipment, and provide efficient and friendly service to our customers. In 1984 we invested £2.5m.

Research and development

The outcome of research into our many raw materials and processes is playing an increasingly important role in ensuring that our company maintains technological mastery in all its fields of activity. In 1984 we invested \$8.2m.

UB Group — Investment for the future 1980-84



To find out all the 1984 facts and figures for yourself, send for a copy of the United Biscuits Annual Report to be published in April. Just complete and post the coupon.

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*Please send me a copy of your Report and Accounts
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ADDRESS _____

— *Journal of the American Medical Association*, 1997

— *Journal of the American Medical Association*, 1997; 278: 1033-1037

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